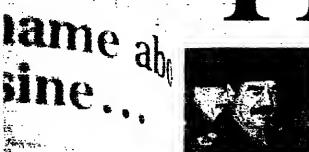


FINANCIAL TIMES



建筑、安1341,

Economic sanctions

How to make them work in Iraq

Edward Mortimer, Page 12



Part of the fabric

New line-up due in a week
Only PM and his deputy assured of jobs

EU trade policy with one union



Islamists terrorise the campus

World Business Newspaper http://www.FT.com

WEDNESDAY MARCH 12 1997

Boeing seeks to shed US image with foreign links

Boeing wants to forge links with non-US companies in a drive to rid itself of its all-American image chairman Philip Condit said. He would like the aircraft maker to follow the example of the oil companies British Petroleum and Royal Dutch/Shell, which managed to present themselves as local organisations in the countries in which they operated. Beeing would have to become a global business if it was to remain successful, be added. Page 14

Socialist prime minister for Albania: Albania's embattled President Sali Berisha appointed a prime minister from the opposition Socialist party in an attempt to contain insurrection in the south which is spreading towards the capital Tirana. Page 2

US backs Turkey's EU hopes: Carey Cavanaugh, US troubleshooter on Greek-Turkish issues, urged European allies not to slam the door on Turkey's aspiration to join the European Union. Page 3

Telekom targets high spenders: German telecommunications group Deutsche Telekom launched a "VIP" service for high-spending private customers it expects to be targeted by competitors when the German market is liberalised next year. Page 15

Changes at the top for Thomson: The French government reshuffled top executives at the state-controlled Thomson group to steer the sell-off of its Thomson Multimedia arm and speed the sale of the Thomson-CSF defence com-



When I'm 54: McCartney at the Palace Ex-Beatle Sir Paul McCartney (left) seen outside Buckingham Palace in London after eceiving his knighthood from Queen Eliza beth. Str Paul, 54, waved to fans, some of

whom had been waiting at the palace gates since 6am. He said he never dreamt, back in the days of playing at Liverpool's Cavern club and in Hamhurg, that he would receive a knight-

been seen as a joke," he said. "It's fantastic. This is one of the best days of my life."

Adidas 28% ahead: German sportswear group Addas underlined its return from a finanBy William Dawkins in Tokyo of implementing "hig hang" (LDP) is calling for full imple—
into a bolding company with plus the ministries of trade US networks donated air time

Tokyo of implementing "hig hang" (LDP) is calling for full imple—
into a bolding company with plus the ministries of trade US networks donated air time profits to DM314m (\$185.7m), driven by a 34.5 per cent rise in sales. Page 15

Jackson takes battle to Wall Street: The Rev Jesse Jackson took his fight for racial equality in US corporations to the heart of the corporate establishment when his Rainbow/Push Coalition opened a bureau on Wall

Zaire diamond chief may help rebels: The head of Zaire's state-controlled diamond mining company, a hig source of funds for the Kinshasa government, is ready to collaborate with rehels poised to move into the country's mineral-rich east Kasai province. Page 14

Blast may hit Tokyo's nuclear plans: An explosion at a nuclear fuel reprocessing plant near Tokyo, Japan's second nuclear accident in two years, is likely to add to growing resistance to nuclear power. Page 4

Strike to hit Japanese ports: Japanes shipping companies face a 24-bour strike today by workers at sbout 50 ports throughout the

Eurostar train hits forry: A Eurostar high speed train from Brussels bound for London hit a lorry at a level crossing in Belgium. The 107 assengers were taken by coach to Lille, where they boarded another Eurostar train. No one was hurt.

Spanish treasure ship found: A Spanish galleon that sank with a treasure of plundered gold in 1645 off Ecuador, has been found. Its cargo, valued at up to £5bn (\$8.2bn), will be split equally between the government of Ecuador and the international group which found the ship.

FT.com: the FT web site provides online news comment and analysis at bttp://www.FT.com

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Yeltsin demands

clear-out of cabinet

By Chrystia Freeland

In a robust display of presidential authority, Mr Boris Yeltsin, the Russian president, yesterday ordered a clean sweep of his cabinet, leaving only Mr Victor Chernomyrdin, the prime minister, and Mr Anatoly Chubais, his first deputy, securely in place.

The bold move suggests that after a lacklustre year dominated by Mr Yeltsin's illness and presidential elections, the Kremlin has again taken the decision to embark upon radical economic reforms.

Yeltsin gave the prime minister one week to propose a new cabinet line-up, though he did not formally sack all sitting However, the order made

clear that only Mr Chernomyrdin and Mr Chubais, a talented administrator whose power lin's move, were certain to remain in place.

number of deputy prime minis-ters and abolishing some ministries inherited from the era of Soviet central planning.

Mr Boris Berezovsky, deputy bead of the security council and one of the country's most influential financiers-turnedpolitician, said the ministers of finance, defence, energy and railways were among those most likely to be sacked. Mr Grigory Yavlinsky,

leader of the liberal Yabloko opposition party, said in an interview that Mr Chubais had invited five members of his party to join the new cahinet. al economic reforms. But Mr Yavlinsky said Yablo-In a presidential decree Mr ko's assent would depend on whether Mr Chubais agreed to s number of steps laid out in a letter he sent to the deputy prime minister this week, These include the sacking of corrupt officials.

Mr Chernomyrdin said the was enhanced by the Krem- the new cabinet, was likely to nomic challenges. announce his new government hy the end of the week. Mr Chuhais, hack to the

bloated cabinet, reducing the ment after being humiliatingly growth and caused tremen months the presidential



Boris Yeltsin meets Israeli prime minister Benjamin Netanyahn in Moscow yesterday

sacked just over a year ago, dous personal suffering for administration, then headed will he a central and controversial figure in the reshuffle. He is now subordinate only to the president and practically on a par with the prime minister. He is expected to bring some of his intensely loyal pro-

tégés into key economic posts. Reformers bopa that Mr Chubais and his allies will have the organisational muscle and ideological commitpresident, who is expected to ment to tackle the country's take all final decisions about deep-seated structural eco-

These problems, which include a hugely unrealistic Mr Yeltsin also ordered a Mr Chuhais, hack to the hudget and a collapsing pen-sharp streamlining of Russia's heart of the Russian govern-

millions of Russians who bave gone for months without wages or pensions.

Mr Chubais's new prominence could arouse the enmity of Mr Chernomyrdin, a hardened political survivor with strong connections to the influential oil and gas lobby. But the president may deliberately be setting up the rivalry - be is famed for playing factions against each other. Mr Yeltsin acted yesterday

to weaken another rival power centre by appointing Mr Valentin Yumashev, a relatively junior figure, as his chief of staff. Over the past few

by the formidable Mr Chubais. bad become, in the view of some observers, an alternative govarnment. Under Mr Yumasbev, a former journalist and presidential ghostwriter.

its power is likely to wane. Mr Yeltsin bas cunningly neutralised another potential source of opposition - the Communist dominated parliament. Parliament must approve the appointment of a new prime minister but this week's radical shuffle does not require legislative consent.

Back in charge, Page 2 Editorial Comment. Page 13

Clinton calls for free air time during campaigns

By Patti Waldmeir

President Bill Clinton yesterday sought to deflect the growing controversy over election campaign fundraising by calling on US broadcasters to provide free air time for political advertising

"Free air time for candidates can belp to free our democracy from the grip of big money, Mr Clinton told a conference of campaign finance reformers.

Political broadcasts at no cost to candidates - which were pioneered on a limited basis in the 1996 election would reduce the cost of campaigns and diminish the role of money io politics, be said.

Yesterday's announcement appears to be part of an attempt by the White House to take the offensive on the campaign finance issue. Mr Clinton yesterday called on the public not to "wallow" in the controversy, but to use it as a spur for legislative reform. However, both political parties are blocking reform in Con-

The president has been on the defensive for weeks against charges that he went to improper lengths to fund a re-election campaign hased largely on television advertising. Yesterday he hlamed the television industry for the rising cost of campaigns, noting that candidates spent \$400m on hroadcast advertisements in 1996, up from \$25m in 1972. Presidential candidates spend two-thirds of their campaign money on broadcast advertise-

During the last two months of the 1996 campaign, five hig to political candidates for first time.

Mr Clinton vesterday called on the Federal Communications Commission, the US commuoications watchdog, to for hroadcasters who receive new digital licences.

He gave no details but conference organisers are calling for TV and radio stations to

Continued on Page 14

Tokyo takes another stride toward 'big bang'

Japan yesterday took a big step towards modernising its financial markets. The cabinet establishment of holding companies, set np a financial

Japan's outdated financial system in more than half a century is expected to win parliamentary approval in June. A fourth proposal - to abandon ministry and Japanese finan-nies with assets of np to eign exchange controls - was last week. It is also expected

By William Lewis and

Samer Iskandar in London

SBC Warburg, the investment

bank, is being investigated by

the Securities and Futures

Authority, the UK securities

industry regulator, over its

sale of £300m (\$489m) of Euro-

pean shares for an investment trust, which is balieved to

have resulted in a multi-

million pound loss for the

resigned as bead of French equities and an equity deriva-

tives trader has also left his

job. Several other SBC

Warburg executives have been

disciplined following an

inquiry by the investment

The SPA investigation is

sharply last October when

bank's compliance officials.

investment bank.

financial deregulation, intended to boost the sophistication and size of Tokyo's capital markets to rival those of adopted plans to permit the New York and London by 2001. Awaited are the wider gle with the LDP.

"big bang" proposals to introwatchdog and grant more duce freely negotiated comautonomy to the central bank. missions for all kinds of finan-The higgest reform of cial transactions, and allow hanks, stockbrokers and insurance companies to enter each other's husiness sectors. The scheme took the finance

the significant residue of for- cial community hy surprise when announced by Mr Ryurubber-stamped by the cabinet taro Hashimoto, the prime t week. It is also expected minister, in November. But It pave the way for the break-up win parliamentary has gathered so much support of Nippon Telegraph and Tele-The package marks the start Liberal Democratic party talecommunications group,

SBC Warburg probed over

the and of October SBC War-

burg agreed to take on to its

books £300m-worth of Euro-

pean shares which it then

sought to sell immediately into

trader is thought to have trig-

gered the collapse in the price

of several shares and resulted

The SFA is also thought to Mr Peter Corrigan has be investigating the extent of based SBC Warhurg trader

thought to have had held s

Swiss Bank Corporation, the

parent of SBC Warburg, which

is today publishing its year-

end financial results, refused

large arbitrage position in the

investment trust.

in the SFA investigation.

which is now in liquidation. At from".

sioned by Kepit to carry out a stocks sold by the Kepit plo

so-called programme trade, and any matters arising there

taka by an SBC Warburg 12.30pm its traders sought to

SBC Warburg's own bolding of sold just after 12.30pm, thereby

Kepit shares. Its traders are triggering s collapse in the

sale of European shares

apparent mishandling of tha the market. However, a mis-

focusing on how the prices of to comment. The SFA did not

several European sbares fell return phone calls.

mentation by next year.

Yesterday's bolding company proposal would elimi-

nate a ban more than 50 years old, originally intended to stop the ravival of pre-war industrial monopolies. It would antomatically permit the creation of holding compa-

Y15,000bn (\$124bn), above which government approval would be required. It would that the once-cautious ruling phone, the country's dominant

Under the terms of the trade.

SBC Warburg was commis-

sioned to take on £300m-worth

of sbares beld by Kepit at

sell into the market the same

shares they were about to get

from Kepit - a practice known

as going short. However, investigators have been told a Paris-

price of several French shares.

in a very large order almost

exactly at 12.30pm. Typically, a

trader sells a large block of

shares in parcels over a longer

period. The action is thought

to have effectively frozen com-

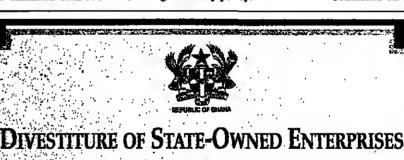
Investigators have been told that the Paris-based trader put

12.30pm on October 30. In the few minutes prior to correct Japan's late entry into Internet-based husinesse

financial institutious, a job now carried ont mainly by the series of financial scandals - deciding monetary policy.

one long-distance and two and agriculture. It would It also marks significantly regional units. Such a split is come under the wing of the reduced influence for the the main part of the govern- prime minister, a mark of Mr finance ministry, which has ment's sttempt to promote Hashimoto's wisb to accord been locked in a power strug- competition in telecoms to the highest political support for tough financial policing. The finance ministry's

The financial watchdog power would be further would license and inspect all reduced by the Bank of Japan's greater antonomy. For the first time, the BOJ will not finance ministry - widely be obliged to have a ministry blamed for misbandling a representative at meetings



AMOUNT BALANCE REMARKS

An SFA document seen by Investigators have also been told that the mistake became

the Financial Times states that SBC Warburg executed a series of share sales on hehalf of the regulator is investigating "the activities of Swiss Bank known to SBC Warburg execu-Kleinwort European Privatisa-Corporation and its employees tives almost immediately and tion Investment Trust SBC Warburg was commis- in relation to the acquisition of promptly informed Kepit. CONTENTS FT/SP-A Wild Indice Foreign Exchanges 23 LONDON - LEEDS - PÁRÍS - FRANKFIRT - STOCKROLM - MADRÍD - MEW YORK - LOS AMGELES - TOKYO - HONG KONG

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March 16

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ESTABLE : Sale Contract

Yeltsin shows he is back in charge

By John Thomhill

Mr Boris Yeltsin, Russia's president, has long loved the dramatic gesture. Yet the decision to reshuffle his entire government, save for its two most senior minisgant piece of political theatre even hy his own idiosyncratic standards.

The move is clearly designed to show Mr Yeltsin is back in charge in the Kremlin after months of shottling between the hospital and the sanatorium.

The appointment of the relatively low-profile Mr Valentin Yumashev as head of his presidential administration confirms the view that Mr Yeltsin wants more direct personal control of

The need for political action is clear and urgent. Since Mr Yeltsin's re-election in July, Mr Victor Chernomyrdin's government has been drifting with little sense of purpose, passing a wildly unrealistic budget. and allowing economic decisions to be deferred.

Such is the disorder in public finances that millions of federal employees and pensioners have remained unpaid for months, while schools, hospitals, military installations and nuclear the military are all desperpower plants have been ately in need of reform,



CHERNOMYRDIN: in power He helped run Russia in Yeltsin's absence but some consider him an impediment to structural reform

movement is promising a day of protests for March 27 which even Mr Yeltsin concedes is quite legitimate. "The people are running

out of patience," Mr Yeltsin concluded in his state of the nation address last week. The implicit promise now is that Mr Anatoly Chnhais, former head of presidential administration who has been

minister, will have the backing to initiate another burst of radical economic reform. The tax regime, pension system, housing market and

appointed first deputy prime



CHUBAIS: first deputy prime minister, a liberal economist sacked from the same post last year. Now charged with the task of

mighty "natural monopolies", such as gas, electricity, and railways, must be loos-

Mr Chernomyrdin remains prime minister, hot Mr Chubais appears in practice to have an almost free hand to form a new cabinet and has already been trying to attract fresh blood from the ranks of the liberal Yabloko party and the reformist regional governors.

Russia's capital markets are in a harely concealed state of euphoria about the possible return of the "boys in pink trousers", as the early reformers were once



PRIMAROV: as foreign minister will lead the Kremlin's diplomatic fight against Nato expansion. Expected to stay on in the

Mr Chuhais's coterie of bright young associates inthe presidential administration, such as Mr Alexei Kudrin, Mr Alexander Kaza-

kov and Mr Maxim Boiko.

seem likely to figure promi-

nently in the reformist team. Two deputy economy ministers. Mr Sergei Vasiliev and Mr Yakov Urinson, are tipped for higher things. Mr Yegor Gaidar, the for-

launched Russia's market reforms in 1992 and remains a close friend of Mr Chubais, is expected to be an important influence behind the scenes even if he does not the ideologically driven cru-



LIVSHITS: finance minister, proved ineffectual in raising tax revenues, damaging Russia's relations with the International Monetary Fund. Not expected to stay

Mr Chubais, 41, was raised in a different political climate from Mr Chernomyrdin and has contrasting views to those of the prime minister, who is aged 58.

A trained economist,

happy with western ways and fluent in English, Mr Chubais is a technocrat who appears to have little time for the back-slapping Sovietera managers who have mer prime minister who peopled Mr Chernomyrdin's

> Mr Boris Fyodorov, the former finance minister. points out Mr Chubsis has changed a great deal from



RODIONOV: defence minister. Last year took control over armed forces humiliated in Chechnya. He is not expected to stay

years who drove through Russia's hig privatisation programme. Now, he says, Mr Chnbais has the "poison of power in his blood" from his years of negotiating the Kremlin's treacherous corridors and has formed close links with a circle of com-

mercial hanks.

"Chubais is very strong and has proved a much better administrator than anybody could have expected," Mr Fyodorov adds. But he is a different person from two to three years ago. He has steel in him. He has had steel rods put in his back." Editorial Comment, Page 13

by Kohl

By Peter Norman in Bonn

lor Helmut Kohl.

Germany's miners have

turned the other cheek after

being snubbed by Chancel-

Mr Kohl called off planned

negotiations with Mr Hans

Berger, head of the miners'

union I G Bergbau, at short notice yesterday. The chan-

cellor argued that demon-

strations by miners near his

office would put the govern-

in talks over cuts in subsi-

In response, Mr Berger

appealed to thousands of

miners from the Ruhr and

Saar coalfields gathered in

Bonn to return to their

bomes to give the talks, rearranged for tomorrow

For the miners from the

Duisburg Walsum colliery

Mr Berger's appeal was any-

thing hut welcome. "We are

here! We are here!" they

shouted, before bursting in

a robust chant of "Kohl

But after Mr Oskar Lafon-

taine, leader of the opposi-

tion Social Democratic

party, and Mr Joschka

Fischer, leader of the Green

party in parliament, added their weight to Mr Berger's

pleas, most demonstrators

Mr Kohl's action mey

backfire. The miners' leader

urged his members to return

to Bonn at midday tomor-

row for a demonstration in

the event of there being no

agreement with the govern-ment. He urged them to

keep up the protests in their

home regions which have

brought coal production to a

Mr Kohl appeared to be

influenced by reports of

unruliness among protesters

who had camped on Bonn's

main highway opposite the

chancellery since Monday. The demonstrators yester-day showed discipline and

One protest, in which more than 100 miners

stripped down to their

standstill.

good humour.

started to disperse.

must go. Kohl must go".

morning, a chance.

EUROPEAN NEWS DIGEST

Boost for EU rail freight

Four EU countries have boosted the European Commission's drive to improve rall freight services by pushing ahead with plans to try out "freight freeways" running from southern to northern Europe.

Italy, Germany, Austria and the Netherlands have agreed to explore the concept before the end of the year on routes running from Italy to the Netherlands and

Germany.

Mr Neil Kinnock, European commissioner for transport has urged member states to collaborate on freight freeways to shift freight traffic off roads. The freeways are lesigned to overcome two of the biggest problems - cost and time - which have led freight companies to opt for road rather than rail.

Some member states insist on locomotive and staff changes at border crossings. Freight companies have also been put off by complex charging systems designed to take into account different price rates in different Caroline Southey, Brussell

Euro-rap for Renault

Euro-MPs in Strasbourg are today expected to back a resolution condemning the "arrogance and disdain" shown hy Renault in its decision to close the Vilvoorde factory in Belgium, and expressing solidarity with the

The resolution, proposed jointly by parliament's seven main political groups, also calls for stronger EU rules on worker protection, and for the European Commission to take steps to prevent companies transferring production from one area to another in search of state or EU

In Paris thousands of Renault workers from France. Belgium and Spain marched on the company's headquarters in what they called the first Euro-demonstration in protest et the plant closure. Some 3,100 jobs will be lost in Belgium and 2,764 in Nell Buckley, Strasbourg, and AP. Paris

Aids charges may be dropped

France's top prosecutor recommended yesterday that charges be dropped against a former French prime minister, Mr Laurent Pabius, and two other officials accused of providing about 1,300 French haemophiliacs with HIV-tainted blood in 1985.

The recommendation by the chief prosecutor, based on what he called lack of evidence, means it is almost certain the three former officials will not be brought to trial. The charges came amid a scandal that shook confidence

in France's public bealth system and helped bring down . the Socialist government in 1993.

About 1,300 haemophiliacs were infected with the virus. which can lead to Aids, and more than 500 bave died. Four high-ranking health officials have since been convicted, and two have been jailed.

French drink sales recovering

French wine and spirits exports, recovering from a trade boycott after nuclear tests in the Pacific, rose 5 per cent in 1996 to FFr36.2bn (36.3bn), industry spokesmen said yesterday.

The industry generated a FFr32bn trade surplus, a warter of France's total surplus.

*As far as the trade balance is concerned, we come econd behind the French aerospace industry but ahead of the automobile and perfume industries," said Mr Philippe Pascal, president of the French Federation of Wine and Spirits Exporters.

Top clients for French wines and spirits last year were Britain, the US, Germany, Belgium-Luxembourg and

Italian party funding move

The Italian treasury has finalised details of bow to distribute L160hn (\$95m) in funds to political parties this year as agreed under controversial legislation passed recently by parliament.

A total of 44 parties and movements have been considered legitimate recipients of public money; 15 of them possess only one member of parliament.

The contributions from taxpayers have been approved despite a 1993 referendum specifically abolishing the public funding of political parties. The size of the funds handed out is calculated on the

basis of parliamentary representation. The largest amount, L30.7bn, will go to the Party of the Democratic Left, the dominant partner in the government. Forza Italia, the main opposition movement, headed by a former premier, Mr Silvio Berlusconi, will receive L30bn, while the rightwing National Alliance of Mr Gianfranco Fini will have L22.8bn. Robert Graham, Ron

Hungarian farmers protest

Hungarian farmers demonstrated vesterday against tax and social security increases, disrupting traffic in Budapest with processions of tractors. Smaller meetings took place in 150 other locations around the country.

The protests began three weeks ago among the wine-growers of Kiskoros, but it is the first time they have reached the capital. The government is taking a firm line, arguing the need to reduce the budget deficit and the burden of social security contributions on western companies in Hungary.

The farmers also claim that unfair competition from

west European imports makes Hungarian agriculture

Hungarian consumer prices rose in February by 2.2 per cent on the month and by 18.8 per cent from February 1996, the Central Statistics Office said yesterday. Hungary's trade deficit in January based on preliminary data was \$344m. Anatol Lieven, London

ECONOMIC WATCH

Swedish investment up



Sweden grew by 14 per cent in 1996 to SKr65bn (\$8.5bn), extending a sharp increase under way since the end of a three-year recession in 1993, Statistics Sweden reported yesterday. But the rate of increase is expected. to level off this year, with only a small rise expected over 1997.

The trend offered little hope of a significant rise in employment to cut double-digit joblessness the biggest problem facing the Social Democratic government. Heavy investment in the pulp and paper and engineering

industries over the past four years has not created many jobs. Meanwhile, investment in more labour-intensive service industries has been at a much lower level. However, a significant increase in investment is due this year in infrastructure on projects such as the extension of mobile telephone networks, the building of a bridge between Denmark and Sweden and a new rail link to Stockholm sirport. Hugh Carnegy, Stockholm

Berisha appoints Socialist PN German miners looting weapons from Mjekes near who has organised a defence comsnubbed

By Guy Dinmore in Tirana

Albania's embattled President Sali Berisha yesterday appointed a new prime minister from the opposition Socialist party in an attempt to contain a mass insurrection in the south which is spreading towards the capi-

But while political parties wrangled over the composition of a government of "national reconciliation". which will call elections in June. Albanians loyal to Mr Berisha seized weapons from two military arsenals in his northern home town of Tropoje, raising fears of a civil war. It was the first time unrest had been reported in northern Albania.

Berisha's ruling Democratic party. into war.

Rebels in the south, who have seized control of a third of the coun- handed over tanks, beavy weapons in the south.

By David Buchan in Paris

Mr Alain Juppé, the French

prime minister, yesterday

proposed a constitutional

quotas for women candi-

Opening a National Assembly debate on female

"incentives to female candi-

European parliament elec-

tions contested on a list sys-

equipment needs.

amendment to set minimum

parties in Tirana admit they have little control over the rebels.

Several countries, including Britain, Germany and Italy, advised their nationals to leave Albania as soon as possible. Diplomats feared the crisis was spiralling out of con-

We political parties are making blah, blah, blah but we are not really representative of the rebels," said Mr Perikli Teta, a former defence minister and leading member of the opposition Democratic Alliance.

Air force pilots at a major base in Kucove said 25 pilots, along with 19 MiG fighter planes, had handed over the airfield and its arsenal to rebels State television said the new after refusing to carry out governprime minister was Mr Bashkim ment orders to "scare" rebels. "We Fino, the former Socialist mayor of are the revolution. We are the the south-east rebel-held town of Gji- people," one pilot said. The pilots

Behind such consideration is Edith Cresson, has ever

the fact the opposition made it to the top, but her

today.

Juppé backs quotas

women was now oecessary.

dates in French elections for Socialists have recently 1991 to 1992 spell as prime a 10-year period. Socialists have recently 1991 to 1992 spell as prime a 10-year period.

their candidates for next

year's National Assembly

the lowest of any European slightly uneasy conscience down from 6 per cent in 1945

The first Juppe govern-

the second numbers only

four women - Ms Corinne

Elbasan, Albania's third largest city lying just 55km by road from the capital. The loss of Elbasan, which lies across the north-south ethnic faultline dividing Albania, would be

a serious blow to the government. But more alarming were reports from residents in the far north-east that 9,000 people loyal to Mr Berisha had seized weapons from military depots in Tropoje. They vowed to defend Mr Berisha if needed. One person was wounded in an explosion. Telephone lines to Tropoje were later cut.

Mr Genc Pollo, adviser to the presideot, accused defecting army officers of having more allegiance to the old Communist party that ruled Albania for 47 years. Diplomats pointed out that conscripts were paid only a few dollars a month and rokaster. The more powerful posi- kept guard over their planes and that many had also lost their last May in heavily rigged elections. tion of interior minister went to Mr said they did not want to be drawn savings when fraudulent pyramid

mittee to take weapons from everyone under the age of 18 and stop

looting of shops and hospitals. Rebel representatives from the south-west town of Vlore who held talks with the Italian ambassador on a warship in the Adriatic on Monday yesterday denied reports they had signed an agreement to persuade townspeople to hand in their weapons. They told residents they were simply seeking aid for the town, which is running out of food.

Mr Pollo said the president would resign only if the opposition won the parliamentary elections planned for June. Mr Berisha imposed a state of emergency last week and was then appointed by parliament for a second five-year term. His rightwing Democratic party won an overwhelming majority in parliament

Western military intervention may investment schemes collapsed in be needed to ensure the June elec-Defecting army units have also January, triggering the mass revolt tions are carried out fairly and to disarm supporters and opponents of try, insist that Mr Berisha resign and thousands of guns to the rebels. The rebel leader in Gjirokaster is a the government, western observers and have rejected offers of an Residents said people had started retired general, Mr Agim Gozhita, said.

for women candidates Mr Juppé said that, after was because be needed to long consideration, he had concentrate maximum expeconcluded that "positive dis-crimination" in favour of ment team.

in France - to 5.5 per cent Corinne Lepage: minister in second Juppé government A constitutional amendment, requiring a three-fifths majority of the National Assembly and the Senate, is required to introduce the quotas. In 1982 the constitutional court struck down a Socialist proposal for quotas for women on the ground

equal rights. Chirac has left it to his prime minister to woo female voters, he himself spent two hours on national said he was asking the govtelevision on Monday night ernment to lower value in a quest for the youth vote, that it infringed the 1789 decomplete of it devoted to educate the standard 20.5 laration of rights giving all the tion. Mr Chirac preached the rate to 5.6 per cent.

need to use every technologi-While President Jacques cal means to improve the preparation of young people for working life, and in his one coocrete proposal, be added tax on CD-Roms from the standard 20.6 per cent

battle for an opt-out from a proposed European Union law on when clocks have to be changed between summer and winter after 13 member states backed plans to harmonise dates for the next

Only one woman, Mrs

cess. As Mr Juppé noted, the

National Assembly has gone

- when women got the vote

Ministers rejected France's argument that it should be given the right to keep the same time all the year tive sets the last Sunday in March as the day in which EU countries must put their clocks forward by an bour and the last Sunday in Octo-

patterns.

issues and not just look at transport ministers rejected move by one member state

recommendation - which is "Ministers should take not legally binding - rather than a directive.

However, the proposal will

The French government the technical aspects." a will now takes its battle to French official said. But the the European Parliament which is due to give the round. The proposed direc- France's request on the directive a second reading. ground that a unilateral MEPs are sympathetic to the view that the date should be tabled as a recommendation.

ber for putting clocks back with a measure of support, of ministers for a final rote. always been ready for com-an bour. Mrs Ann-Marie arguing that it sympathised Editorial Comment, Page 13 promise. We will fight on."

underpants and headed towards government buildings to show how Mr Kohl's policies were taking the shirts off their backs, was unconventional by the standards of the German capital. By calling off the talks, Mr Kohl gave opposition leaders an opportunity to cast doubt on his political courage. "It's hardly a sign of strength," crowed Mr Lafontaine to minars' cheers. However, he and his fellow-speakers were careful not to over-excite the crowd.

lery," Mr Fischer urged, subsidies from DM9bn (\$5bn) to DM3.8bn (\$2bn) by the year 2005. "We bave

state for transport, argued should be free to apply their that there were disadvan- own summer time arrangetages in imposing summer ments. Nevertheless, the UK France yesterday lost the time, particularly for sectors said it was pleased with the such as agriculture. In addi- EU dates which matched UK tion, changing the clocks times. Britain tabled an had health implications amendment suggesting that since it could affect sleeping the dates be set down in a

into account quality of life could disrupt transport schedules across Europe.

The UK provided France have to return to the council

"Keep ecol and don't provoke Fatty in the chancel-Mr Berger said the union was not seeking a total retreat by the government over its plan to cut federal

tem. Women could then use this as a political base to "launch" themselves into single candidate contests for the national parliament where quotas were less practical. The women — Ms Cornne and three junior ministers— among 32. At the time, Mr Juppé rejected charges of misogyny, explaining the disappeartical. France loses battle on clocks change opt-out

SAVE MONEY AND With Samsung's range of multi-functional products

representation in politics - should he women and a

Union country except Greece about his autumn 1995 cahi-

dates" he introduced in ment contained 12 women

regional, municipal and among 43 ministers, while

- Mr Juppé suggested that net reshuffle.

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Bangkok property: house of cards

Thai property prices feel the draught Blast likely to hit Japan nuclear plans

By William Dawkins in Tokyo

An explosion last night at a nuclear fuel reprocessing plant near Tokyo, Japan's second nuclear accident in two years, is likely to add to the growing popular resistance to nuclear power.

Nobody was injured in the hlast, at the low-level waste processing plant at Tokai, 115km north west of Tokyo. but at least 10 workers were exposed to low levels of radioactivity during a fire earlier in the day, said Mr Masato Sukagawa, a spokesman for the state-run Power Reactor and Nuclear Fuel Development Corporation. Nobody appeared to he inside at the time of the explosion, according to initial reports. White smoke was seen emerging from the roof of a vitrification facility

for liquid waste. Ironically, the hlast came on the same day that one of the country's leading electricity euppliers, Kyushu Electric Power, scrapped a proposed nuclear power station in an unprecedented response to local objections.

Mr Michisada Kamata, vice-president of KEP, which is the sole power supplier on the southern island of Kyushu, apologised to local citizens for "bothering" them and said the unpopular plan had been sent back to the drawing board.

KEP'e move marks en extraordinary break with the post-war Japanese consensus that industry comes before individuals. That unwritten accord was vital for economic expansion but has come under increasing strain with the social and political changes that have accompanied the past six years of slower economic movement. Japan derived 34 growth. "It is very surprising, but the power of iocal democracy has become year to March 1996. This is much stronger, especially in relation to sensitive matters like nuclear power," said Mr Yasunori Sone, professor of the US - according to the latpolitical science at Keio Uni- est government white paper

KEP started a feasibility study for two pressurised reactors near Rushima, a small town on Kyushu, five years ago. The plan ran into immediate resistance. A year later, the municipal assembly decreed that referendum would be

needed. Opposition grew even stronger in 1995, after a prototype fast breeder reactor in Monju, west Japan, sprang a leak. While unrelated to the proven technology that was to have been used in KEP's reactors, the Monju accident heightened public concern over nuclear power, likely to be intensified by last night's

KEP froze Its Kushima plan in 1995 but its executives continued publicly to argue that Kyushu needed substantial extra power generation and that Kushima was the likeliest site.

Deadlock hetween the company and the townspecple came closer when Kushima's mayor, Mr Shigeru Yamashita, was re-elected four months ago on a pledge to hold a nuclear referendum. Cash for a poll was voted in this year's town budget

The people of Kushima are not alone in taking on the power companies in recent years. Maki, in western Japan, last year held a referendum, the first of its kind. which voted by a wide margin against a plan hy Tohoku Electric Power to build a reactor there. TEP has only frozen but not withdrawn its Maki construction plan.

Government officials ves terday played down the impact on energy policy of Japan's growing anti-nuclear per cent of its electricity from nuclear power in the to rise to at least 40 per cent by 2010 - contrary to the trend in western Europe and on nuclear policy.

Malaysia plans a capital without paper

in Kuala Lumpur

Malaysia yesterday unveiled key details of its plans to huild a paperless administrative capital in an area currently dominated by palm groves and peaceful villages south of Kuala Lumpur.

The initiative to build Putrajaya, first revealed several years ago, is the country's largest single infrastructure project and is forecast to cost an estimated M\$20bn (\$8bn) by the time all three phases of development are completed in 2005.

The city, with a forecast population of 570,000, will nestle within the "multimedia super-corridor", a similarly ambitious plan to construct a 750 eq km high-technology zone housing the world's information technology companies.

Officials said yesterday that contractors must now push ahead quickly, to have facilities ready for Dr Mahathir Mohamad, the prime minister, to take up his new offices in September 1998, in time for the Commonwealth Games, an event Malaysia hopas will he a showcase for its many devel-

Mr Shahrir Shariff, a general manager of Putrajaya Holdings, a state-controlled company, sald that most development "parcels" for the new capital have already been awarded. He declined to identify the names of companies ewarded contracts. which bave been granted without open tenders.

construction of the prime coms infrastructure.

ing complex of buildings topped by onion domes. The total floor space will be 220,000 sq metres - more than in one of the two Petronas Towers, the world's tallest buildings, which now

dominate Kuala Lumpur. Officials said privately that although the main development contracts have been awarded to Malaysian companies, foreign companies could expect sub-contractual work. All government ministries

apart from the ministry of international trade and industry and the ministry of works, are scheduled to move south to Putrajaya after the prime minister is ensconced. The ministries are to be "paperless", communicating with each other and the people hy computer, thereby eliminating a laby-

rinth of documentation. For foreign embassies, the move raises many questions. Most embassies, believe they must maintain a presence in Kuala Lumpur, which will remain Malaysia'e commercial centre. By train, the journey from Kuala Lumpur to Putrajaya is expected to take less than 20 minutes.

Among other recipients of contracts at Petrajaya, according to Mr Shahrir, are Hicom, an Industrial conglomerate, which has been appointed responsible for solid waste disposal; Tenaga Naslonal, the semi-privatised power utility, which will be in charge of electricity eup-ply; and Telekom Malaysia, the former telecoms monop-The first undertaking is oly, which is to install a tele-

hen the owners of a newly huilt V office tower in Bangkok recently slashed maintenance expenses, Ms

Niphatha Phongphanglaiwit lost her joh as service manager of the half-vacant huilding. But she appears unde-terred by her painful experience with Thailand's growing property glut.
"I might tear down the

three houses in the [family] compound and hulld some condos on the land," she says as she ponders unem-ployment. "Property seems to be a good investment. It doesn't go up and down so much like the stock market." Thais such as Ms

Niphatha are in for a surprise: land values in Thailand have begun to dip, and analysts say all the elements necessary for a sharp and unprecedented decline in property prices - oversupply, cash-strapped developers, pressure from the govaroment and financial institutions – now exist.

The struggling property sector is one of the main reasons the government has had rapidly to implement several measures in recent weeks to prevent a financial meltdown.

Approximately 10 per cent of all bank loans and 25 per cent of finance company loans are to property developers, and it is estimated that half of those loans are

non-performing. In addition, nearly three-quarters of all loans are collateralised hy

With high interest rates in place to defend the currency against speculators and a run on some finance company deposits, the financial system can ill afford additional liquidity ehortages and asset deterioration caused by a fall in property

The property glut warrants a price decline. Estimates by various government agencies of vacant residential units in Bangkok ment units will remain range from 330,000 to 650,000, vacant, equivalent to over

or between 2.75 and 5.4 years of demand even if no new units are built this year.

In the office market, more than 50 per cent of space completed last year has not been let. According to property consultants Jones Lang Wootton, im square metres of new space will be completed annually in each of the next four years but annual absorption of office space is only slightly over half that amount. In central Bangkok alone, the company estimates that by the end of this year almost 30,000 apart-

A \$3.85bn rescue plan for finance companies over-exposed to the property sector was approved by the cabinet

yesterday, but is unlikely to provide much comfort. "The new plan doesn't address the fundamental situation of oversupply or the need to stimulate demand," says Mr Craig Plumb, director of research and consultancy at Jones Lang Wootton, "It's mostly shuffling chairs around to ease the bad deht situation."

Thai officials say the new plan will give developers five

new projects will inevitably commence: companies have borrowed to purchase vacant and which they now need to develop to generate cash flow. Loans used to purchase undeveloped land are specifically excluded from the bail-Apart from land values. which valuers say bave fallen by between 15 and 25

But while most developers could meet their debt pay-

menta by completing and

selling their projects, many

per cent over the past 18 months, property prices have remained flat, prompting fears that if a fall comes will be precipitous. "Lots of developers have money to hold out for a while bnt there has got to be a point where prices collapse. You only need one panic transaction to start that," says Mr Wapan Wongpanit, property analyst at ING Barings.

"Prices haven't really fallen because market activ ity has dried np," adds Mr Plumb, "The market here is different from Hong Kong and Singapore, where the markets adjust quickly. Here it'e more like Japan, where prices held up until people were forced to sell and then they fell very abruptly."

The weight which may finally drag down property prices could be the government'e new bailout scheme. as financial anthorities impose harsh conditions on

debt they buy. Developers will be forced to sell at actual market values." says Ms Duangmanee Vongpradhip, central bank the eituation realistically. prices have to be lower. We know that at certain prices there will be huvers.

Many analysts say it will he the commercial banks who decida how much prices fall. There remains enough demand to keep developers afloat for several years if their creditors do not exert pressure. But if banks begin foreclosure they risk triggering a reduction in collateral

For hig conservative banks which employ independent valuers, a drop in property prices should not pose much of a problem. These often set liquidation value of collateral at about 70 per cent of current market value and then lend only 50 per cent of that value.

. Bnt medium-size banks often accept borrowers' valuation of collateral and lend up to 80 per cent, leaving them exposed to even a 20 per cent drop in property prices. Analysts say some finance companies lend amounts greater than 100 per cent of collateral value on the assumption that prices will go up.

Ted Bardacke

を表現している。 1987年 - 19

Founder of hotel group upset over share purchase

Ethnic Chinese business assailed in Indonesia

By Manuela Saragosa in Jakarta

Simmering anti-etbnic Chinese sentiment between Indonesian business leaders was forced into the open yesterday when the founding family of a listed botel and restaurant company took the unusual step of condemning the acquisition of shares in the company by the ethnic-Chinese owned Lippo group.

The Diah family, which founded Hotel Prapatan, a listed company, announced plans to sell its remaining stake in the hotel developer but was angered by Lippo's acquisition of shares in the

The Diahs are known locally as a pribumi family (literally "sons of the earth") while Lippo Group's founding sbarebolders are the ethnic Chinese Riady family. "This is bad news," Mr

Diah said in a press release. "Politically it is quite sensitive that a business founded by a pribumi family be taken over by a conglomerate controlled by non-pribumis." The ethnic Chinese have

long been a resented minority in Indonesia, where they constitute less than 2 per cent of the country's 200m population but form a domi-

Australia is to press ahead

with a controversial compul-

sory "work for the dole"

scheme - a project which

the government claims "will

help break the cycle of

despair and despondency"

unemployment.

tbat sccompanies youth

Unemployment in Austra-

lia has remained high since

the recession in the aarly

1990s. The johless rate has

failed to fall below 8 per cent

and currently stands at 8.6

per cent, with an estimated

800,000 people looking for

full or part-time jobs. More than 220,000 people are

thought to have been unem-

ployed for more than a year.

The "work for the dole"

scheme. first mooted by Mr

John Howard, the prime

minister, earlier this month,

was formally approved by the conservative federal gov-

ernment vesterday. Legisla-

nant commercial class. Although pribumi businessmen complain privately of the domination of ethnic Chinese conglomerates, they rarely air their grievances.

The Diah family's statements comes as anti-ethnic Chinese sentiment is running high. Riots on the main island of Java in the past six months have involved Moslem protesters torching Christian churches - indonesia's ethnic Chinese are mostly Christian - and attacking ethnic Chinese houses and businesses.

Lippo Group would not the hotel developer.

The Diah family has also comment yesterday. The row comes at a time when the Riady family is undergoing intense scrutiny for their apparent role in controversies surrounding contributions to US President Bill Clinton's Democratic party re-election fund.

The Lippo Group has also recently undergone a controversial restructuring of its financial services division and has flagged it intends the same with its property units. It has bought a company in Singapore, at a time when there have been grumblings about ethnic Chinese capital being invested offshore, and expanded into retailing in Indonesia.

Australian 'work for

proposals, up to 10,000 indi-

24 will participate in 70 pilot

schemes, which are likely to

have a "community service"

thrust. Tha scheme envis-

ages that they receive

alent to their unemployment

cheques, for working ebout

two days a week. They will

get an additional A\$10

(US\$7.90) a week to cover

The scheme has heen

attacked hy opposition par-

ties as "tokenism" which

will do little to resolve Aus-

tralia's unemployment prob-

lem. However, the proposal

appears to be popular among

The Labor opposition said

yesterday that, while it

might seek to amend the leg-

islation, it would not

attempt to defeat it. "If this

the electorate.

tion will be introduced into is the only proposal they reforms may parliament next week and have, we'll improve it as work through.

transport and other costs.

'award" rates of pay, equiv-

riduals aged between 18 and

dole' wins go-ahead

"James (Riady, the group's deputy chairman) has a cupful of acquisitions and restructuring to do within his Lippo Group," the Diah family's press release went on to say. "I think he should consolidate them first . . and

mind his own business." The Diah family said Lippo group had acquired its stake in Hotel Prapatan through the daughter of the former president of the state gas and oil company Pertamina, after she defaulted on loans she had taken with Panin Bank to buy shares in

sold another 40 per cent of its holdings in Hotel Prapatan to prominent Indonesian pribumi Djojohedikusomo family. The Djojohadikusomo

patriach is seen as the architect of President Subarto's New Order economy, while his youngest son General Prabowo is married to Mrs Siti Hediati Prabowo, one of Mr Suharto's deughters.

"It is only natural that we (the Diah family and the Djojobadikusomo family) want to see that the company is in good hands," the press release said. "Being pribumi ourselves, we also wish that

shadow minister for indus-

"We don't like this pro-

posal - it's not the hest

not even the fourth or fifth

best response but it seems to

be the only response the gov

ment introduced more com-

prehensive lahour market

programmes but these were

largely unwound by the new

government last year as it

attempted to find hudget

Mr Howerd has argued

that his government's indus-

trial relations legislation.

year and essentially extends

labour market deregulation,

will help cut unemployment

acknowledged that the

reforms may take time to

However, he has also

which was passed late last

The former Labor govern-

ernmeot's got," he added.

trial relations.

operate by September. not stand in the way of it,"
Under the government's said Mr Bob McMullan,

Lee may launch HK court action

By John Ridding in Hong Kong

A legal showdnwn over Hong Kong's post-handover legislature moved a step closer yesterday after Mr Martin Lee, leader of Hong Kong's largest pro-democracy group, threatened to take the Beijing-backed body to court if it passed laws before July.

The challenge followed a statement on Monday by Sir Chung Sze-vuen, a senior adviser to Mr Tung Cheehwa, the territory's future leader, who said the provisional legislature could complete readings of bills. Members of the provisional legislature, which will place the existing elected body after the handover on July 1, said they expected to proceed with work on sensitive laws concerning civil

liberties and subversion. Mr Lee said hie party would immediately take the handover legislature to court if it made laws. Other pro-democracy politicians said the reading of hills before July contradicted a Qichen, the Chinese foreign minister. Last year, he told Mr Malcolm Rifkind, his UK counterpart, that the provisional legislature would not operate simultaneously with the Legislative Council, elected in 1995 under demo cratic reforms implemented hy Mr Chris Patten, the

Hong Kong governor. The latest step in the controversy over the provi-sional legislature came amid a move by the Hong Kong government to assist Mr Tung in preparations for his post-handover administra. tion, and a dispute over Betjing's call to revise school response to the problem, it's textbooks in the territory,

The Hong Kong government said it had agreed to second two senior officials to Mr Tung's office. Mr Michael Snen, home affairs secretary, will take up the post of secretary for policy co-ordination, while Mrs trene Yau, director of information services, will take the same position in Mr Tung's office. Mr Tung said the additional staffing was necessary to respond to his

growing workload. He dismissed claims that Mr Suen and Mrs Yau would face pressures relating to differencee between the present and future administratione, such as their stance on the provisional legislature.

ASIA-PACIFIC NEWS DIGEST

Hanoi tightens Internet curbs

Vietnam, in its first significant step to control access to the internet, has issued new rules restricting users to one service supplied by the state-run telecommunications company. The move coincides with a clampdown on satellite dish use, with officials set to implement a ban on ordinary Vietnamese using dishes to watch foreign television broadcasts.

The moves are apparently inspired by conservative figures in the military and interior ministry, who are keen to see more controls on information. Diplomats note increased censorship of the local media in recent months. All internet service providers must link up to a gate

operated by state-controlled Vietnam Posts & Telecommunications, Hanoi is particularly keen to stop its citizens reading a Internet pages and web sites set up by overseas Vietnamese groups opposed to the Hanoi government. Vietnam has six Internet providers. including two operated by the military. The civilian networks are small and sustain a subscriber base of only about 1,000 - mostly foreign businesses and non-governmental organisations. Jeremy Great, Honor

Zhu misses Clarke meeting



Mr Zhu Rongji (pictured left), China's senior vicepremier in charge of the economy and possibly the country's next premier, has entered hospital with severe influenza, according to a European diplomat. Mr Zhu, 68, was scheduled to received Mr Kenneth Clarke, the UK chancellor of the exchequer, in Beijing at the weekend, but did not appear. A Chinese official said that he was . indisposed. Mr Zhu did not attend a session on Monday of the National People's Congress, the Chinese

parliament. He is a key figure in the Chinese hierarchy and was largely responsible for calming an overheating economy in 1993-94, when inflation exceeded 20 per Tony Walker, Beijing

UK-China finance dialogue

The UK and China have established a mechanism for regular financial dialogue under an understanding eached by Mr Kenneth Clarke, the British chancellor of the exchequer, on a visit to Beiling. Mr. Clarke said yesterday at the end of a three-day stay that the dialogue would be similar to those the UK conducts with its Group of Seven partners and would complement the existing UK-China Joint Economic and Trade Commis

Agreement on an expanded financial dialogue follows the signing last year of a memorandum of understanding on securities co-operation which was aimed at consolidating links between London and China'e stock Tony Walker, Beijing

Mr Al Gore, the US vice president, will visit China from March 24 to 28, becoming the highest US official to travel to Beijing since the Tiananmen Square massacre by the Chinese army in June 1939. Mr Mike McCurry, the White House spokesman, said Mr Gore also would visit Japan and South Korea. AFP, Washington

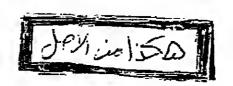
Ramos bans film about maid

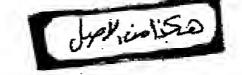
President Fidel Ramos has suspended the showing of a film about a Filipina maid who escaped execution in the United Arab Emirates, saying it could harm ties with the Gulf state, the government said yesterday. About 80,000 Filipinos are working in the Emirates. Mr Ramos, who is visiting Bahrain, said the showing of the film "Sarah Balahagan Story" could also endanger negotiations to save the life of another Filipino worker in jail in the UAE for killing a man. The film's producers have issued newspaper advertisements saying the movie would be shown in Mantla chiemas starting today. Reuter, Mantla

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Leave door open to Turkey, US tells EU reflects US concern over the worsening atmosphere between Ank like this had led to "growing concern in Ankara that doors may be cern in Ankara that doors may be cern in Ankara that doors may be who headed for The Hagne last statement, adding that governors "taken seriously" in London's statement, adding that governors the torong the trooped club, he said. Turkish-EU relationship by the end of the year," said a ministry wish to join the EU should be the trooped club, he said. The tour by Mr Cavanaugh, who headed for The Hagne last statement, adding that governors "taken seriously" in London's taken seriously" in London's taken seriously in London's ta

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Mille surger same

troublesbooter on Greek-Turkish issnes, yesterday urged European allies not to slam the door for ever on Turkey's aspiration to ioin the European Union.

Chancellor Helmut Kohl of Ger- open suggestions it might never night and will also visit Paris and and police chiefs had been told to many and five other European have the potential to become a Bonn, coincides with a formal monitor buman rights more leaders on the political centre- member. Washington felt "con- undertaking by Turkey's foreign closely and stop prisoners being right agreed at a meeting in Brus- cerns about the way the EU han- ministry to improve the country's ill-treated. sels last week that Turkey's poor dies Turkey" and would like Ank- buman rights record. He was speaking in London at buman rights record, culture and ara to be offered at least a

UK officials said they shared

The tour by Mr Cavanaugh, and of the year," said a ministry wish to join the EU should be view.

But Britain dld not believe the EU should start entry negotiations with Turkey in deliance of By Gordon Cramb the advice of the European Com-"Our goal is to drop the issue of the US feeling that comments at mission, whose most recent prothe start of a hastily organised size disqualified it for the the EU. reasonable prospect of steadily human rights both from the last week's meeting of Christian nouncement on Turkey's eligibil-Mr Cavanangh said comments deepening relations with the agenda of Turkey and from the Democratic leaders had gone too ity, eight years ago, was negative.

controls criticised

in Amsterdam

Amsterdam bourse authorities failed to exercise adequate supervision over two securities trading houses which collapsed early this decade, according to an investigation by regulators and government consultants whose report the owners of the stock and options exchanges have been seeking to suppress.

The two associations of trading firms which control the newly reconstituted Amsterdam Exchanges (AEX) were said to be angry esterday after Mr Gerrit Zalm, the finance minister, revealed the main findings of the inquiry into the collapse of Nusse Brink Commissionairs and Regio Effekt

A judge is due to rule oo Friday on an injunction sought against Mr Zalm by the associations, which maintain that publication involves the disclosure of information which under ments should remain confidential. The minister, in a letter to the lower house on Monday, said he was releasing the outline conclusions without breaching those requirements, in order to satisfy parliamentery demands for immediate clar-

ification on the outcome. The inquest into the Nuss Brink affair, which involved many unrecorded sbare transactions, is concluding as the exchange associations seek to place balf the shares in AEX with institutions and listed companies. A prospectus for the company was issued in February.

Mr Zalm told parliament the report compiled by the STE, the recently strengthened securities regulator, and the accountants Coopers & Lybrand found that the bourse authorities had been insufficiently critical in their assessment of the two trading bouses and provided only limited information to the then embryonic STE.

Extremists fight on campus

Islamists seek recruits in Istanbul as left and right do battle

stanbul University, the trol of universities, streets elite, has always been an deological battleground. But ecently, fighting hetween. wireme leftwing and right-wing students has become requent and bloody. Usually t is the rightwingers - some wielding meat cleavers who come off better.

Police in riot gear patrol he university's Beyazit camous, which dates back to Moman times, to prevent lashes. But most students md faculty members say police side with the far-right dealist movement, even elping them smuggle weapas into the university.

The Idealists say faculty nembers shield leftists. Mr. Jehmet Bülent Karatas, Ide-S Charge 1111 he hreatened to "take the neclist youth leader, has fiku Azrak, dean of the -olitical sciences faculty. The surge in battles etween the left and right rings back troubling memoles of the 1970s, when stremists battled for con-

alma mater of Turkey's and entire neighbourhoods. The Idealists are direct descendants of the Grey Wolves street fighters, recruited in the 1970s by the far-right Nationalist Action party. Fighting claimed hundreds of lives and contributed to the last military takeover in 1980.

Fears of another conp d'état rose during last month's confrontation between the secularist army and Mr Necmettin Erbakan. the Islamist prime minister. The army threatened unspecified "sanctions" against Mr Erbakan unless he cracked down on Islamist organisa-

According to Mr Ersin Durna, a political eciences student, "the university reflects what is going on in the streets. Turkey is boiling over." Mr Kürsat Karatas, a Marxist student, contends: "This not a free democratic society. We want to [be the] spark for the people to rise up. If we stay silent, everyone will be silent."

However, only a small core ists "seemed domesticated fighting. The hard left has only some 200 activists among the political science faculty's 3,000 students. Mr Azrak reckons the right has just five activists. Students say Idealist fighters are not even enrolled in the university, but enter from outside to attack leftist rallies and

demonstrations. Few think these battles have much wider relevance. They are more worried that confrontation between the generals and Mr Erbakan is radicalising Islamist students who comprise one-fifth of the student body and normally keep a low profile.

he Islamist Samanyolu television station has attacked Mr against Idealist students. He foreign language entry requirements, hoping this will deter the less cosmopolitan Islamists. Mr Azrak says the Islam-

of activists are drawn into [but] are gradually becoming more militant and active". Idealists have begun linking up with extreme Islamists. Clashes during Ramadan, the Moslam holy month of fasting, between non-obser-vant leftists and Idealists chanting Islamist slogans are becoming more violent.

But Mr Idris Sayin, an Islamist student leader, denies this: "We do not get involved in fighting. think it is artificial." The Islamists concentrate on winning over as many students as possible to their cause through persuasion not coercion.

Mr Sayin says the Islamists will dismantle the "unjust" secular state from within and, preferably, by democratic methods. "At the Azrak for discriminating moment we have a democratic struggle. It is the is considering toughening people who will decide [on secularism]. Will they accept something [Ataturk] wrote 70 years ago or will they accept Allah's laws?" Mr Sayin has no doubt about



the outcome: "It is a process that is continuing and will

grow gradually." The Islamists are literally working to move this process forward. Unlike most secularist students, they study hard. High marks win them key positions in the jodiciary and the powerful bureaucracy, allowing them to work quietly on establishing an Islamic state and turn Turkey away from pro-western secularism

Mr Ogun Keles, a secular- are tempted to put their ist student says: "I would get trust in the army to preveot less than a lemon seller in the market if I worked in the state. The Islamists bave an ideology and they are ready to suffer for it. Not me. They will take the best places in the state and put their people there."

Like most Turks he despairs that mainstream political leaders are too corrupt and discredited to stop the Islamists. Some students

an Islamic state. But few are ready to give up on democracy. Mr Durna, the student,

says: "This country is not totally democratic but no one wants to lose democracy even if it is weak. Everyone wants it to be strong. No one wants to lose what they

John Barham

Branson waits to see if Hydra can be Virgin territory

y Kerin Hope in Athens

reece's government ls ying to attract foreign THE SHIP SHIP IN EXEMPLE but the Virgin roup is still struggling to in a permit from the state chaeological service to illd a \$30m luxury hotel on e island of Hydra.

The project by Virgin stels, beaded by Mr Rich-

delayed for over three years year-old mansions, would for the government's commitment to removing obstacles to investment and improving the quality of by donkey.

fourism Greece's hierest "The botel will be built by tourism, Greece's biggest

and has become a test case cause environmental dam- with the project although its age. Modern buildings are earlier applications to build banned on the island, there a hotel in the rocky valley are no roads and transport is ontside the island's port

Hydriot craftsmen. We'll In Athens yesterday, Mr bave the materials carried Branson tried to quell fears by donkey, and there's no that the 50-suite botel, question of building a road." designed to imitate the aus- be said. "It'll be the most d Branson, has been tere style of Hydra's 200- upmarket hotel in Greece."

المعافرة للأنصاب المنافلة فالمحروض أأكبت المائة المدروس أوكوا المطالب المعروس

were rejected in 1993 and 1994. The archaeological service said the valley's "natu-ral and archaeological character must be protected and remain undamaged by inter-

vention of any kind".

Virgin Hotels has persisted at Greece's new "one-stopshop" for promoting foreign investment have been trying to persuade the archaeological service to rule on the current plan for the site.

But the Central Archaeological Council, a group of in favour of the project. But scholars and architects with a reputation for resisting pressure, refuses to be burried. After delaying the deci- through because stormy Since December, officials sion for a year, it ordered a

ronmental study of Hydra which is not due to be completed before the summer.

Mr Branson said that "probably 99 per cent" of Hydra's 2,000 residents were plans for the mayor and other islanders to back him in Athens yesterday fell

Several Greek environmental gronps bave come out against the project, but only two protesters were on view yesterday. Mr Joseph Efraimidis, an architect and town planner, stood outside the botel where the news conference was beld with a placard saying "Richard Branson - Keep Hydra Vir-

Wherever you look on the net, you'll find HP. While many companies are buzzing with words like "intranet" and "electronic commerce," as if these technologies had just come down the runway, we've been busy building one of the world's largest intranets for our employees, and - with the help of our partners - provided the first secure trading for banks on the net. So, here's how to replace buzz on the net with doing business via your website. Get the information access you want. At http://www.hp.com/go/computing/



100 LV A Post A Section 1

INTERNATIONAL NEWS DIGEST

on cloning

WHO attack

The World Health Organisation said yesterday it regarder the use of cloning to replicate human beings as "chically unacceptable". Dr Hiroshi Nakajima, the WHO

director general, said human cloning would violate some of the besic principles governing medically assisted procreation, including "respect for the dignity of the human being and protection of the security of human

His statement follows a recent forecast by British

researchers who successfully cloned an adult sheep that numan cloning could be a reality in one or two years. The

WTO chief said a group convened by the UN body in 1982.

had concluded that "extreme forms of experimentation.

such as human cloning" should be prohibited.

But he emphasised that opposition to human cloning

should not lead to an indiscriminate ban on all cloning

procedures and research which could aid the fight again concer and other diseases. Prances Williams, Gene

Sweden in nuclear arms plea

powers immediately to take their nuclear forces off aleri

to reduce the risk of an accidental weapons launch.
Addressing the United Nations disarmament conference

in Geneva, Ms Lena Hjelm-Wallen, Sweden's foreign minister, said the 61-member disarmament conference

should explore proposals made by the Cauberra

Sweden yesterday called on the five declared nuclea

cancer and other diseases.

Stemming the flow: energy subsidies fall

State handouts damaging the global environment, says report by 'green financier'

World Bank calls for end to fossil fuel subsidies

By Leyla Boulton in Washington

The World Bank, describing itself as the world's largest "green" financier, yesterday called for the elimination of billions of dollars of environmentally damaging subsi-

It singled out subsidies of fossil fueis for criticism. These account for 90 per cent of energy consumption and are seen as an important cause of global warming. Subsidies for irrigation water and pesticides also came under fire.

Despite a halving of subsidies for fossil fuels in the five years since the Rio "Earth" summit, there remained considerable scope for further progress, particularly in the developed world. Environment Matters, a bank report, noted that the industrialised nations of the Organisation for Economic Co-operation and Development, accounted for twothirds of subsidies with environmental consequences,

with the remainder in the

Expanding the Measure of Wealth, another of three reports published by the Bank for the 5th anniversary of the Rio summit, says for instance that German coal subsidies in 1993 accounted for 70 per cent of \$9.5hn in OECD government handouts to energy producers.

Bnt eliminating OECD coal producer sobsidies alone would reduce by 1.5 per cent global emissions of carbon dioxide, one of the with climate change.

The report also com-plained that the rate of subsidy, as opposed to the overall quantity of snbsidy indicated in the graph, remained particularly high among oil producers such as Iran and Saudi Arabia.

While Environment Matters even outlined tips to help policy-makers make unpopular subsidy cuts -"for example threaten a tax not...real". hike to meet some fiscal shortfall then offer to reduce a subsidy instead of introducing the tax" - it said the perceived benefits of subsidies were mostly illusory.

"While there may be 'good' subsidies in principle, in practice most are wasteful of scarce fiscal resources, miss their intended targets (the poor, for example), and have the undesirable effect of stifling innovation and limiting

competitiveness," it said.

It went on, bowever, to

describe the removal of sub-

sidies as just the "first step" to switching the world to more environmentally sustainable development. Another important step was reform prices of energy and other commodities so that they incorporated the "full snvironmental and social costs of consumption". Mr Ismail Serageldin, the

Bank's vice-president for austainable development, agriculture and water, said that "incorporation will show people that the perceived conflict between environment and development is

He added, however, that an important obstacle to such reforms was the fragmentation of policy-making, say on the use of the Nile's of 1998 the production of resources, among different chlorofluorocarbon (CFC)

government bodies, and in gases which destroy ths the case of some water hasins, between countries. As part of its drive to catalyse action by governments and the private sector, the

Bank plans to do more to co-ordinate the efforts of verious actors in environmental Another of its new resolntions is to plug the gaps in international agreements for dealing with global environmental problems. In this apirit, the Bank yesterday

unveiled a \$27m agreement to compensate Russian facto-The main aim of the exerries for stopping by the end cise is to demonstrate how industrialised nations could belp the developing world

extra more environmentally

friendly alternatives would

ozope layer.

m the gases.

support for international ing it the biggest supplier for a \$300m global black market trading in carbon emissions as the most cost-effective At the same time the bank way of cutting greenhouse gas emissions. Favoured by the US but viewed with susannounced it was reviewing all the fossil fuel projects it picion by the European had financed over the past Union, emissions trading five years to see bow much would allow rich countries to pay either in cash or through technology transfers for emission reductions in developing countries where they often cheaper to

reduce greenhouse gas emissions by paying for the extra Russia has so far said that cost of more energy-efficient unlike other industrialised or renswable energy technol-

nations it cannot afford to It also indicates the Bank's stop CFC production, mak-

Commission last year for a series of concrete steps towards a nuclear-weapon free world. The proposal to take proclear forces off alert could be implemented immediately, she said. The Swedish foreign minister also urged the conference to launch negotiations on a treaty to halt production of weapons-grade fissile material and to work towards a total ban on landmines. The UN body has been unable to start talks on either issue because developing countries insist that the nuclear powers first pledge to negotiate complete nuclear disarmament within a fixed

Belgian banker to head BIS

Mr Alfons Verplaetse, governor of the National Bank of Belgium, has been appointed chairman and president of the Bank for International Settlements, the Basic based organisation owned by the world's leading central banks. He will take over in June from Mr Wim Duisenberg. president of the Dutch central bank, who will replace Mr-Alexandre Lamfalussy as head of the European Monetary Institute, the forerunner of the new European Central

Afghan pipeline rivalry grows

Competition between an Argentine oil group and a US-Sandi consortium to promote a pipeline between Turkmenistan and Pakistan via Afghanistan has beated up. Bridas, a Buenos Aires-based company, has claimed thet all the warring Afghan factions want to see work .. started "without waiting for the end of hostilities"

A rival consortium of Unocal of the US and Delta Oil of Saudi Arabia is also negotiating to build a pipeline. through Afghanistan. It is being sued in the US by Bridas, which claims it interfered with its "exclusive rights" to build the pipeline.

Arafat calls peace process crisis meeting

By Judy Dempsey in Jerusalem

Mr Yassir Arafat, president of the Palestinian Authority, yesterday invited countries involved in Middle East negotiations to bold a special session on the future of the peace process.

The meeting, planned to take place in Gaza on Saturday, is aimed at breaking the deadlock between Israel and the Palestinians.

It signals a shift in strategy by the Palestinians who

now seem prepared to use Jordan, "to shoulder their the Palestinians, amounted sures but these cannot be commitment to building every diplomatic channel and all political means to push the peace process for-

Mr Nabil Abu Rdainah, Mr Arafat's spokesman, said it would "assess the peace process in its entirety and the resulting from the Israeli practices." He added that Mr Arafat

would ask the participating countries, which would include the US, Russia, the European Union, Egypt and

responsibilities". The announcement follows

King Hussein of Jordan to Mr Netanyahu in which he criticised Israel's decision to go ahead with the building of a new Jewish settlement crisis in the negotiations at Har Homa in east Jerusalem, the closure of four Palestinian offices in the city and the "humiliating" scope of the first of the three Israeli military pullbacks from the West Bank.

That pullback, rejected by

to 9 per cent of land being ceded to Palestinian control a stinging letter sent by while seven of Mr Netanyahu's cabinet ministers voted against the pullback claiming it was a betrayal to the Jewish settlers as well as the government's commitment to a greater Israel.

"The letter shows the king's growing frustration about the slow pace of the peace process," a Jordanian spokesman said. "We appreclate that the prime minister has domestic/political pres-

always used as an excuse for the little progress recently

Mr Yitzhak Mordechai, the Israeli defence minister and one of the more dovish members of the cabinet, yesterday held talks in Amman with the Jordanian leadership to try to smooth relations. But King Hussein's criticisms of Israeli policies coincide with growing scepticism from other Arab countries as well as the EU capi-

trust with the Palestinians, considered a fundamental plank of the peace process.

Israeli officials yesterday brushed aside international condemnation of its recent decisions, saying that the government would not be put under such pressure. "Just because the Palestinians do not like the extent of the recent pullback does not mean we have to immo every time they threaten us," an Israeli government spokes-

NEWS: THE AMERICAS

Jackson strikes a blow at Wall Street's walls

By Tracy Corrigan in New York

The Rev Jesse Jackson has taken his battle for racial equality in US corporations to the heart of the corporate establishment. His Rain- Some subsequently agreed to combow/PUSH Coalltion yesterday pensate workers and institute opened its financial bureau at 40 Wall Street, a prestigious office development set among New project is to "end the one-way York's investment banks, securities firms and stock exchanges. "The walls of Wall Street must

come down," said Mr Jackson.

been involved in series of widely publicised boycotts of large companies, such as Texaco and Mitsubishi Motors, charged with discriminating against minority workers. changes to their corporate culture.

The stated aim of the Wall Street trade between minorities and corporate America". the group said. "There is a multi-billion-dollar trade deficit between corporations The organisation has recently that target us for consumption and

on consumer industries such as threat of boycott is most potent. While the direct financial impact

of such boycotts is often ques-tioned, there is little doubt that the surrounding publicity has encouraged some companies to act. Mr Jackson'argues that such tactics are needed because the legal system is failing, citing the Equal

The coalition will focus initially government was anditing the poorest people through increased scrucars, foods and energy, where the tiny of welfare recipients but there federal state or local government, was never that kind of challenge

to companies, he claimed. political and legal rights, and minorities by companies, negotiate "there was not the focus there with management, and if necesshould have been on the private sary organise boycotts. But the sector," according to Mr Jackson. As a result, blacks were still looking for boycott targets, we are

then boycott us as trading part-ners." sion's backlog of over 100,000 tor jobs. Figures from the Bureau of Labour Statistics show that, as of October 1996, 20 per cent of the compared with only 1 per cent of white Americans.

Historically, the civil rights The New York bureau will movement has concentrated on research discrimination against Employment Opportunity Commis- largely excluded from private-sec- looking for trading partners."

US workers | War of words over impact on Cuba of Helms-Burton raise their production there productivity Foreign investment in Cuba

in Washington

US productivity increased 0.7 per cent last year, the fastest rate of growth since 1992, the Labor Department reported The increase, revised

downward from an estimated 0.8 per cent improvethe near-zero rates of growth of the last four years. But it was still slightly

lower than the average annual productivity bank, believe the services increases of about 1 per cent in the 1970s and 1980s, and recorded by the official figwas far below the growth recorded in the 1950s and also reported that unit 1960s, when productivity labour costs rose 2.9 per cent rose at an annual rate of 2 per cent or more.

Productivity measures real output per worker, and is increases in wage costs critical in determining how mean overall unit labour much non-inflationary costs could start to accelergrowth an economy can sus- ate again in 1997. This will tain. Manufacturing produc- weigh heavily with the Fed tivity increased sharply last as it considers whether to year, up by 3.9 per cent from raise interest rates. a year earlier, the fastest growth in 10 years.

services sector, which has flat in December. expanded in size over the years. That has pushed offi- to a six-year low.

ductivity growth in the economy close to zero in the Economists

expressed scepticism about the reliability of the figures. bowever, especially those relating to services. Output of services is hard to measure, and in the past year ment, was up sharply from the Labor Department has changed the way of calculat-

> Officials at the Federal Reserve, the US central sector performed better than ures. The Labor Department last year. The rise was the same as that for 1995, but recent indications of faster

in a separate report, the Commerce Department said But the manufacturing sales by wholesalers rose a sector now accounts for only seasonally adjusted 1 per about 18 per cent of all US cent in January from a business employment. The month earlier, having been

An equal rise in business last 20 years, has recorded stocks in January meant the virtually no growth in pro- ratio of stocks to sales was ductivity in the past four unchanged at 1.27, still close

ol Melia, ING Bank, Castrol, Sherritt...The company signs and flags that compete with embassy name-plates in Havana'a slegant western suburbs bear witness to the

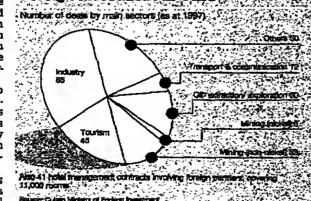
continuing presence of for-eign businesses in Cuba. Cuba's leaders use this to argue that the US Helms-Burton law, which has its first anniversary today, has visibly failed to provoke any the island by foreign inves-

Bot the same officials admit the US legislation has frightened off some potential new investors, complicated foreign financing flows, and generally tightened Wasbington's economic and diplomatic squeeze on President Fidel Castro's government.

The law, introduced by President Bill Clinton on March 12 1996 after Cuba shot down two small US aircraft, codifies 35 years of US sanctions against the island. It demands Cuba dump Mr Castro, abandon one-party communism and embrace multi-party democracy. It threatens penalties against foreign investors who "traffick" in expropriated, for-

merly US-owned properties. The official title of the Helms-Burton law is the Cuban Liberty and Democratic Solidarity Act. Cuba rejects it as the "law of slav-ery". Each side has conflicting views on what its real impact on Cuba's economy

"I think that in its basic growth this year as it tackles pany is still linked to cement



to be a failure," said Mr José heavy short-term debt. Lnis Rodriguez, Cnba's vice-president and economy Burton is having an effect minister. Cuban officials say and foreign investors are 56 agreements involving foreign capital were signed by about putting money into Cuba in 1996, more than in 1995, bringing the cumula- details, 12 cases of foreign hies are reported to be going tive total to 250. Of the 1996 companies which they say ahead. deals, 42 reportedly took stopped using confiscated US place after the introduction

But Mr Rodriguez acknowledged the legislation had burt Cuba's economic recovery efforts, mainly by raising the cost of foreign credits and delaying some investment and financing decisions. But I think we can get over the short-term

of Helms-Burton

After announcing 7.8 per cent growth in gross domestic product for 1996, the Cuban government is fore-

objective, the law has proved a large trade deficit and

US officials insist Helmsbeing made to think twice Cuba. They cite, without and South African compaproperty or refrained from other activities covered by the legislation.

But it is difficult to find clear, concrete evidence of companies disinvesting from Cuba as a direct result of the has increased international Helms-Eurton law. Foreign pressure on the Castro govinvestment activity there has become more shrouded in secrecy than ever.

US officials allege Cementos Mexicanos (Cemex), the reforms have slowed and Mexican cement giant, pulled out of an investment. But several sources on the casting continued but slower island say the Mexican com-

Last year, the Dutch ING Bank, citing Helms-Burton, ing contracts to finance sugar production in two Cuban provinces. But the bank maintains its office in Havana and remains active in financing projects, in the Cuban nickel sector, for

While Mr Clinton has twice suspended the right of US citizens to file legal suits under Helms-Burton against foreign investors in Cuba. US officials say they will continue to enforce Title IV of the law, which can bar offenders from entering the

Large investors in Cuba such as Sherritt and Spain's Sol Meliá hotel chain, have made clear they are staying out. Big nickel mining projects involving Australian Besides provoking a big

trade row between the US and its allies, the Helms-Burton law has dashed hopes for a quick improvement in US-Cuban relations.

US officials say the law ernment to introduce political reforms. But the government has retreated into its ideological bunker, economic official resistance to political change seems to have hard-

Pascal Fletcher

AMERICAN NEWS DIGEST

Venezuela sees strong growth

Venezuela's economy appears set for considerable growth after four years of stagnation, according to estimates by

PDVSA, the state petroleum company.

The forecast, published in El Universal, the leading daily, said gross domestic product would grow by about 5.8 per cent in 1997 and by 7.8 per cent in 1998. These estimates exceed the government's GDP growth expectations of 4 per cent.

. PDVSA expects the oil sector, fuelled by large investments, to be driving growth this year, when a series of capital intensive oil development projects get under way. By the following year the "petro-GDP" is expected to grow by only 3 per cent, while the non-petroleum sector is Independent analysis forecast growth of 4.5-5 per cent

for 1997, but said petroleum-fuelled economic growth would not benefit consumers in the near future. Consumer demand has plummeted in recent months as a result of last year's erosion of real income by 60 per

UPS details charter flights

United Parcel Service, the world's biggest package delivery company, yesterday named the five companies that are about to start chartering its cargo aircraft to fly bolidaymakers to their destinations. They comprise two Mismi-based cruise lines, Royal Caribbean Cruises and Celebrity Cruises, and three tour operators: Royal Travel Service of Meadow Lands, Florida, the Boston-based Trans National Travel Vacations, and the Atlanta-based acation Express.

UPS has converted five of its Boeing 727s into so-called 'quick change" aircraft which can be adapted for nger use at weekends, when they would otherwise be kile. Seats, galleys and overhead bins are loaded into: the aircraft through their wide cargo doors and locked into place. UPS says that, after the change, the interiors will be much the same as those of conventional passenger aircraft, but the exteriors will still feature UPS's

distinctive chocolate-brown livery.

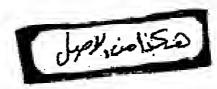
From this weekend, the aircraft will start flying passengers from Chicago and Detroit to San Juan, Puerto Rico; from Pittsburgh to Orlando, Florida, and to Aruba in the Caribbean; and from Louisville and Cincinnati to Cancun, Mexico. From next month, another flight will operate from Tampa and Orlando to Cancon. UPS said tickets for the flights could be booked only through the Richard Tomkins, New York

Lima ponders hostage talks

President Alberto Fujimori said yesterday that Peru's government would "evaluate" the renewal of stalled talks with leftwing rebels who have been holding 72 captives for 12 weeks at the Japanese ambassador's residence in

Mr Fujimori insisted in a radio interview that he would "exhaust" all non-violent methods to solve the hostage crisis, but could not say when direct negotiations with the Tupac Amaru Revolutionary Movement (MRTA) might

"An evaluation will be made to see at what moment these conversations can be restarted" at an imminent meeting between Mr Domingo Palermo, the government's negotiator, and guarantors overseeing the talks, Mr Fulimori said. The president refused to comment on the existence of a tunnel under the residence. Reuter, Linta



Who's developing

to slow

the symptoms of Alzheimer's?

new medicines



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EU chip decision puzzles industry

By Neil Buckley in Brussels. Louise Kehoe in Los **Angeles and Paul Taylor** in London

The European electronics industry yesterday remained puzzled over a European Commission decision to reintroduce minimum prices on imports of computer memory chips from Japanese and South Korean manufacturers.

South Korean and Japanese manufacturers have about 80 per cent of the \$6bn EU market for dynamic random access memory chips, or D-Rams

Since the Commission has accused Japanese and Kor-

Semiconductors Dow Jones Asien price index ment makers expressed con-

below cost, some increase in prices is expected, although this will be gradual since the on how calculations of man-

three months from April. European semiconductor makers such as Siemens, which has invested substantially in D-Ram chip making capacity in recent years, immediately welcomed the move. But personal computer and telecoms equip-

Yesterday, however, it emerged in Brussels that the minimum prices imposed by the Commission will be based on current manufacturing costs plus a "single digit" profit margin. The extent of the price

cern about its implications.

increases will depend largely ufacturing costs are made.

Cronin, a senior semiconductor industry analyst at Dataquest, the US market research group.

"Costs can be fudged," she suggested. Accurate cost data would require closs analysis of every D-Ram product line. Assuming the cost infor-

mation is accurate, price increases will not be dramatic, Ms Cronin predicted. Currently, 16M D-Rams are selling for about \$8. "In some cases prices may rise to \$9-\$10, but overall the effect will be to stabilise prices in Europe," she predicted.

If this proves to be the case European D-Ram manufacturers are likely to argue

the British and Scandina-

Fourth, the unanimity

rule encourages distortions

in the single market, as hap-

pened in the recently con-

cluded multilateral talks on

telecome liberalisation.

Greece and Portugal success

fully pushed for delaye in

the timetable for opening

their markets. The result is

an anomaly, whereby third

countries can exploit the

internal market while still

not having access to one

member state's telecoms

Tha Commission is mak-

ing some headway with its

demands to act as sole nego-

tiator, thanks in part to its

market.

far enough to protect a fragile market.

The EU imposed antidimming duties on Japanese exporters in January 1990 and later on South Korean exporters, but the measures were suspended in 1995 because D-Ram prices were

Since then, however, memory chip prices have fallen sharply reflecting a worldwide glut. Then, when the maximum 21-month suspension of the measures expired on Monday, the Commission was forced to announce plans to re-impose anti-

Meanwhile US computer companies with manufactur-

pricing will take effect over according to Ms Evelyn that the move does not go ing operations in Europe warned the Commission earlier this month that the imposition of minimum D.Ram prices could have a serious impact on Europe's information technology manufacturing sector.

Manufacturing of products such as personal computers in Europe would no longer be economically viable, they warned. D-Ram manufacturers were already seeking to renegotiate contracts at higher prices, they said.

Industry analysts said that se in D-Ram prices the increa would inevitably be passed on to computer buyers, putting a damper on already sługgish European personal

Commission the right to

take action against backslid-

ers. Here most member

states have put their foot

down, arguing that this should remain the responsi-

bility of national authorities.

on retaining sovereignty in

these areas underlines the

shift in attitudes away from

grand visions in the mid-

1980s of a federal Europe in

which the Commission could

evolve into a supra-national

executive. In this sense, Ger-

many is proving as sceptical

about handing more power to Brussels as Gaullist-

minded France or the pesky

Yet Commission officials

point out that member states

single market, where major-

expands to 20 or 25 mem-

rave already ceded a great

The insistance of countries

Global forces put rail groups on the line

By Charles Batchelor in Vienns

The liberalisation of national markets for railway equipment and a growing demand for "turnkey" projects are revolutionising international railway markets, Mr Wolfram Martinsen, president of Siemens Transportation Systems, said yesterday.
The growth of the DM47bn

(\$27.8bn) world market for rail orders is forcing the larger manufacturers, tradi-tionally bitter rivals, into ad hoe "marriages of convenience" to spread their costs and their risks.

"Globalisation is more than a buzzword," said Mr Martinsen, "In practical terms it means that every new tender in the world attracts the top players in the rall supply industry." Liberalisation and privati-

sation of national railway companies were making them much more commercial in their approach, he said. "Profits are under attack at every major rail supply company in the world."

Siemens Transportation mada a profit of DM19m (\$11.2m) on turnover of DM4.3bn in 1996 but expects two more difficult years and will not reach its target of a 5 per cent return on sales until 2000, he added.

Suppliers are being forced to assume new roles as customers no longer require deal of sovereignty in the them to meet detailed technical specifications, hnt rather expect them to find solutions to transport problems at a competitiva price.

This is forcing manufacturers to meet tight performance specifications and to "This is a matter of trust," deliver equipment which says a senior Commission official. "If member states works first time. "Customers no longer accept green are unwilling to agree to a limited transfer of powers in bananas," Mr Martinsen a core area like trade policy,

Siemans has spent DM100m on Europe's largest rail test centre with 22km of track at Wildenrath near

Turnkey contracts involve. the supplier taking responsibility for long-term mainte-nance and leasing and finencing arrangements as well as designing and building the rolling stock and other

This trend is particularly apparent in the market for. City Metro systems. Slemen has recently won a DM760m order to provide a metro for Puerto Rico and two turnkey contracts in Bangkok with a total value of DM2.5bn. Demand for turnkey contracts is strongest in Asia and the Americas but is now spreading to Europe, Mr Martinsen said.

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The complexity of large contracts means that the date when sales can be booked to cover costs is more and more delayed, putting pressure on the mann-facturers' finances. Siemens calculates that for every DMIbn of new orders it incurs DM80m of investment

. At the same time manufacturers are being forced to invest large sums in new technology to remain competitive. Siemens invests on average DM300m a year.

The growth in the scale of rail projects is forcing manulations" to share technology, experience, risk and access to capital, Mr Martinsen

Siemens plans to expand an axisting collaboration with General Motors' Electro-Motiva Division supplying AC electric locomotive :technology into the US into a sales and marketing joint venture in other markets.

It is working with the Swedieh-Garman group Adtranz to build two metro lines in Shanghai and with GEC-Alsthom on joint marketing of high-speed train technology outside Europe and North America. This joint venture, known as Eurotrain, is bidding for projects in Talwan and in China.

Brussels strives to call the tune on trade

Lionel Barber on Commission efforts to extend its negotiating rights on intellectual property

does not come easily to the European Union. In trade policy, where national governments chare power with the European Commission in Brussels, the risk of cacophony is real.

That is why the Commission wants to axtend its negotiating rights in intellectual property and services and software - which in total account for around 30 per cent of world trade.

Sir Leon Brittan, EU trade commissioner, says wider powers for the Commission and an end to the unanimity rule would speed up negotiations, simplify decision-making and increase the EU's trade policy infinence in relation to the US and Japan. But the request has already drawn opposition from eovereignty-conscious

The Commission's push for more power is a key issue inside the intergovernmental conference (IGC) reviewing the Maastricht treaty. These rolling constisupposed to be wrapped op at a summit in Amsterdam in June, ahead of the EU's in central and eastern tle, the Commission is trying Examples of protracted own contribution to wrap-Europe at around the turn of to turn the tide in the IGC ratification delays include ping up multilateral negotia-

The Commission proposal

would extend its writ under Article 113 of the Treaty of Rome. This is the clause which gives the EU, through the Commission acting as negotiator, sole authority to conclude multilateral trade pacts in goods, reporting regularly to the decision-taking

tency, the Commission is tion of said mandate, and

cient decision-taking. Here are the main points. First, the time factor; before it can wrap up an international negotiation, the Commission must secure three decisions from the Council of Ministers, each

For the sake of consis-

'If we don't have responsibility in this area, then all the gains we have made through majority voting would mean nothing

pressing for Article 113 to finally conclusion. include services and intellectual property as areas covered by the World Trade Organisation as a result of the Gatt Uruguay Round agreement in spring 1994. The need for clarification

became more urgent after the European Court of Justice in November 1994 tutional negotiations are rebuffed Sir Leon's arguments that the Uruguay Round deal was exclusively the EU's responsibility. Having lost the legal bat-

involving unanimity. These

include an agreement on the

"The process usually takes 2% years," complains a senior Brussels trade official. Second, elow-moving national legislatures take up to two to three years to ratify trade agreements. The result is that the Commission is often forced to conclude interim agreements to fill the gap, even though these often mean the EU makes one-way concessions to satisfy tha other party seeking early ratification.



Leon Brittan: wants more power for the Commission

tions to liberalise financial services and, more recently, elecoms. But efforts to persuade member states to hand over sole authority to conclude the talks are stal-

This is very dangerous. If we don't have responsibility in this area, then all the gains we have made through, introducing majority voting would mean nothing," says one trade official in Brussels.

The most contested argument in the IGC is the sole right to enforce a deal on services, which gives the

to disrupt

Japan's

By Michiyo Nakamoto in Tokyo

about 50 ports throughout

the country. The action is expected to bring much of

the country's port activity to

Japanese port workers are

staging the strike to protest at US and European Union

demands that Japanese port

practices be reformed. The strike will affect imports and

exports of a wide range of products from electronics to

Japanese shipping compa-nies said that they would

deal with the disruption to

port work by re-ronting ships or keeping them idle at

about 10 container vessels scheduled to depart from

Japanese ports today would be delayed; another shipping

company, Kawasaki Kisen, will keep five vessels idle at sea for the day at an estimated cost of Y10m (\$82,000). The impact of the strike, however, is expected to be short-lived as long as it is

restricted to one day. Tokyo's Tsukiji fish market relies on sea transport

mainly for imported tuna,

while other fish are either

caught locally or delivered

from overseas markets by

air. Japanese carmakers and

electronics makers said that

a one-day strike would not have a significant impact on

their activities as they do

not rely on daily imports

The US has announced

sanctions against three Japa-

nese chipping lines that

come into effect next month,

while the EU has taken

Jepan to the World Trade

Organisation over port prac-

tices which they say result

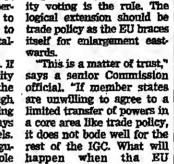
in unnecessarily high costs and inefficiencies.

24-hour stay.

and exports of products.

vehicles and foods.

ports



British.

Strike set Seoul challenged to disown imports attack

By Frances Williams in Geneva

The European Union and the US yesterday called on the South Korean government to disown "anti-import behaviour" fostered by the counshipping companies today face a 24try's "frugality" campaign or hour strike by workers at

face possible action in the World Trade Organisation. At a meeting of the WTO'e council on goods. EU offi-cials said the campaign, launched after South Korean President Kim Young-sam last year called for an end to "luxurious consumption", was beginning to "hurt severely the interests of

European exporters". "A clear public statement from the Korean government disowning all anti-import aspects of the civic "frugality" campaign is now necessary to dispel doubts ebout Korea'e commitment to respect in full its WTO obligations," the EU'e Mr Ian

Mr Andrew Stoler, for the

US, said Seoul should "issue administrative harassment an unequivocal public assurance that anti-import behaviour is inconsistent with slow customs clearance, Korea's international trade policy objectives".

Seoul maintains that it has no involvement in the campaign, which is being run independently by civic groups. Mr Joun Yungsun, South Korea's WTO ambassador, said yesterday that the accusations by the EU and US were "unfair and However, hoth trading

partners argued yesterday that senior figures in govern-ment were continuing to whip up popular feeling imported consumer goods for South Korea's \$24bn current account deficit last year, EU officials said this was "utterly false". Foreign consumer goods account for only 12 per cent of imports. The EU and US also said

were frequently subject to and cars.

by government agencies. The EU cited as examples extra inspections, restrictive interpretations of "vague Korean laws on labelling' and "apparently systematic tax inspections on owners of

foreign cars". "We are very doubtful about the compatibility of certain of these statements and actions with Korea's WTO chligations," the EU said yesterday. It was "actively studying" what further action might be appropriate. The US also warned that the arbitrary use of administrative measures to deter imports con-

flicted with WTO rules. Seoul insists that the frugality campaign is targeted against all consumption of "luxury goods". In the luxory category, South Kores includes electronic products. The EU and US also said home appliances, cosmetics, their exports to South Korea sports equipment, clothing

US orders probe into EU starch subsidy

By Nancy Dunne in Washington

Ms Charlene Barshefsky, US trade representative-designate, has ordered an inquiry into charges that subsidies granted under the European Union starch production programme are mullifying benefits the US expected to get in the Uruguay Round.

Starch production is the latest is a series of bilateral farm trade disputes, ranging from the EU import ban on beef treated with hormones to the EU concern over genetically engineered food products. It is likely to be referred to the World Trade Organisation disputes settle-

Earlier this year, Japan's ment body. eight big ports announced It has not helped that the plans to change their wharf-EU has yet to implement a age eystem from May in an promise to establish tariff attempt to boost internarate quotas for imports of US tional competitiveness. The milled rice and malting bareffect would be a decrease in fees for mooring up to 12 ley and a system allowing importers to recover overhours but an increase for e payment of import duties on brown rice.

some to the US administration, facing near-overwhelming odds in its campaign to win new authority to negoti-ate further trade liberalisation from Congress. US officials had hoped to build a bilateral consensus for further trade liberalisation with

farm trade representatives. When Mr Jeff Lang, deputy US trade representative. recently appeared before a House of Representatives Ways and Means subcommittee to testify on the outcome of the WTO meeting in Singapore, he was besieged by questions over farm trade and a barrage of complaints against the EU.

Many of these battles were supposed to be resolved by the setting up of a strong dispute settlement system in the WTO, but to some in the US, the process is moving too clowly. Others see a deadlock arising from lack of commitment by the EU to an

is indicative, they say, of the Gluten Industry Council says US wheat sales to because an EU export tax ply and lowered prices. At the same time, refund subsidies have increased European gluten and starch proshare of the US wheat gluten market has soared in 1996 to

In another dispute, 12 congressmen have written to Ms Barshefsky asking her to apprise the EU of "growing impatience... over EU unwillingness to commit to broad-based lasting reform in its canned fruit regime.

80m. Ib compared to 81m lb

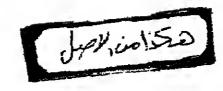
in 1998.

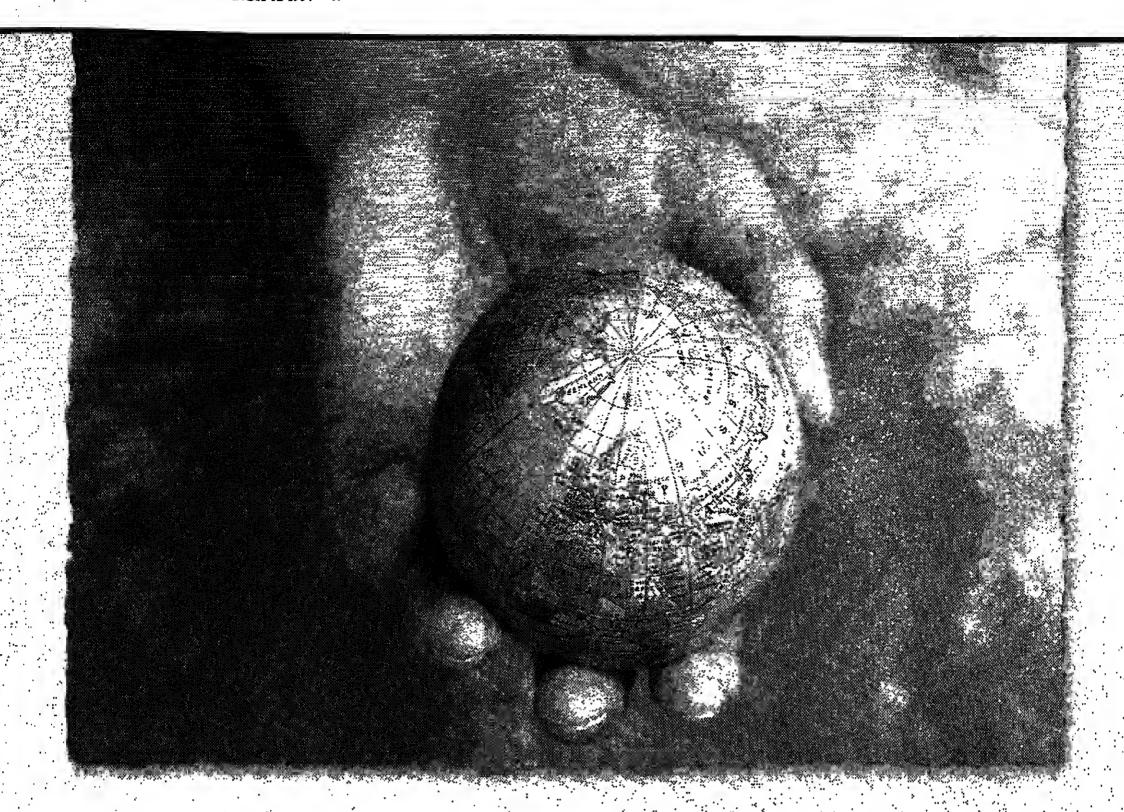
Despite a 1984 ruling under the General Agreement on Tariffs on Trade against the EU and a 1985 bilateral canned fruit agree-ment, EU funding under that



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GlaxoWellcome's intranet · Nicholas Denton

The drugs

group has

Net-based

platform

by 2000.

UK client:

One of the few companies

that is already making use

internally of the new tech-

nology is GlaxoWellcome,

the UK's largest pharmaceu-

ticals company. Its experi-

ence holds some important

lessons. Intranets are simply

performing basic tasks at

which traditional computer

systems have failed, which is

Roger James, an IT director with .GlaxoWellcome's

research and development

business, trying to describe the company's intranet,

says: "It'e like trying to

write a day in the life of a

penny. We think of the intra-

net as the telephone. It is

For instance, an employee

within research and develop-

ment now looks up a col-

league's telephone number

on the intranet as a matter

of course. GlaxoWellcome,

like most companies, used to rely on departmental secre-

taries to collect tslephone

numbers of staff working in

the unit. These would then

be collated, proof-read, and

published in an internal tele-

The pharmaceuticals com-

personal computer, an installed copy of a browser

program, and a connection

to the corporate intranet. As

well as searching for the

number of a colleague, indi-

viduals can also revise their

own entry. "The phone num-

bers are now always right,"

The electronic directory,

as well as being more efficient, does promise greater

sophistication. By including

a section in each entry

describing an employee's

area of expertise, it allows

an executive to ask: give me

anybody in the organisation

that knows about lung can-

cer. In the longer term,

GlaxoWellcome plans to link

says James.

electronic form.

phone directory.

just part of the fabric."

quite an achievement.

Start talking cents

Digital's Millicent will enable Internet users to pay a fraction of a cent to access a piece of information

How much would you be willing to pay to read this column on the Internet? A dollar? A few cents? Perhaps only half a cent?

I have been pondering these questions since talking to Digital Equipment researchers about their patent-pending, Internet micro-payment system called Millicent

Perhaps Millicent Will unleash the long-anticipated global market for online information. However, it will also signal a devalua-tion of Internet "e-money". Less than two years ago I listened to some of the world's Internet gurus confi-dently predict the future of "e-money" and the demise of national currencies. Now millicents are what it has

all comes down to. Millicent is designed to enable Internet users to pay a fraction of a cent to access a piece of information - perhaps a newspaper column, or a cartoon, a few bars of music or, potentially, an hour's use of a Java application program or participa-

tion in a multiuser game. Other payment schemes cannot handle such tiny payments because the cost of processing transactions is prohibitive, Millicent gets around this problem by establishing "distributed brokers" that sell scrip to end users and then pay the information providers.

Digital will begin an internal trial of Millicent among its 40,000 employees this month. If all goes well, a pilot system will go live on the Web in the summer. With just one or two brokers" - probably banks - and a dozen or so information providers, the trial will be designed to test market reaction as well as enabling Web publishers to decide whether this really is a via-

ble business proposition. The Millicent "pay-perview" approach is an interesting alternative to Web subscriptions, which have

barrier to Internet commerce because few hackers are likely to try to steal millicents.

Not clear, however, is how Web advertising - the primary source of revenue for many Web publishers will blend with Millicent.

Digital suggests that advertisers might give Internet users Millicent credits for reading their materials. Wade through enough pages promoting a new car and you might gather sufficient credits to read a magazine article.

the latter proposition. I am an historic "man versus also sceptical about Digital's claims that Millicent will create opportunities for self-publishers and special interest groups. It seems to me that the more publishers that register with a broker, the more cumbersome and expensive the task of distributing revenues will become. The system may be better geared to big media

Perhaps the biggest chal-lenge to Millicent's success, however, is the issue of puton materials published on

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ACM Chess Challens

Garry Kasparov

Man v machine: Deep Blue has learned a lot of new tricks

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would, for example, put the slightly less than one cent, based simply on a fraction of the cover price of the

I'd like to think it had that others whose work is . published on the Internet may feel the same.

Currently, Eagle Eye is available free of charge on the FT's Web site at www.FT.com.

I have my doubts about In what is shaping up to be machine" dual, Garry Kasparov, world chess champion, will take on Deep Blue, International Busines Machines' chess-playing SP2 parallel processing supercomputer on May 3-11 in New York.

Last year, Kasparov defeated the computer, but he had lost the opening game In the six-game chamnionship

Over the past 12 months. Deep Blue has learned a lot more tricks, thanks in large ting tiny monetary values part to Joel Benjamin, a for mer US chess champion

It sidesteps the security the Web. A rough, back-of- who is working with the issues that have become a the-envelope calculation IBM group. The chess computer has also become more price of this column at flexible; programmers can make adjustments between games to correct weaknesses in the plays.

It is all great publicity for IBM. But the man versus greater value, and I suspect machine premise is false. In reality, IBM is demonstrating the potential for building expert computer tools computers programmed to follow rules that could become sides memoire for human experts, much as a calculator is a standard tool

> Kasparov himself envis ages a new era of advanced chess in which players use computer tools that store moves from hundreds of

championship games. IBM'e researchers look forward to developing computerised doctors' assistants and experts on the shapes of molecules that could be used to develop new drugs. C.J. Tan, the IBM scientist heading the project, even warmed to my idea of a computer trained to solve the problem of IT "information overload" now that will be the day!

Talking of information overload - an issue close to my heart - one of the largest computer companies in Silicon Valley told me it issued 921 press releases last year. The good news? "We didn't send you all of them."

Conspiracy theorists might euggest that the information technology industry is deliberately creating a surplus of information to force us all to buy computer systems to deal with the problem.

Personally, I don't think they are crafty enough to come up with such a scheme, but there is no doobt that the IT industry has become a huge generator of information and those on the receiving end are desperate for solutions.

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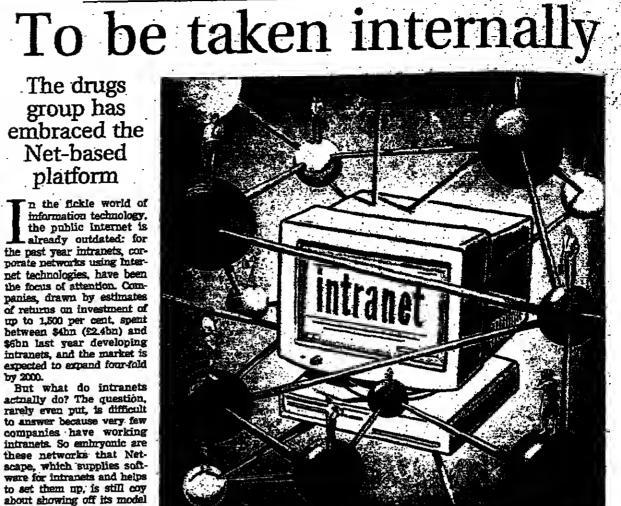
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attracts 50,000 visits a day. Employees, who would formerly have had to rummage through their filing cabinet or bin, can now search elec-

tronically for an old memo. Manuals explaining pensions policy, laboratory procedures or safety manuals. which staff used to complain were always out of date, are also now available in their most recent version over the network. And the intranet is encouraging communication between units as well as

from management to employees. Of the 21 units in ClaxoWellcome's research and development department, 18 now maintain home pages which describe their

Now that many existing activities have migrated to the intranet, GlaxoWellcome is mulling over innovation. More than 5m words a week are published electronically through the National Library of Medicine. How do you monitor efficiently this torrent of information? Memoir; a planned addition to the pany now maintains the intranet, would eliminate

> same article. It is hard to say whether these individual improvements add up to a measurable increase in productivity. Paper consumption continues to rise and the human resources department, originator of many of the memos and manuals which are now distributed electronically, is twice the

> size of five years ago. However, GlaxoWellcome'e intranet advocates say the project has still been worthwhile. It has given employees access to more informa-

an individual'e photograph and curriculum vitae to Another humdrum office task being eased by Glazo-Wellcome's intranet is the distribution of memoranda. These are now published, alongside news relevant to the company and other features, in an internal maga-zine called Networks which

tion. While staff in the individuals can get familiar advanced technology unit still read nearly 60 paper pages a day, they access another 140 from the internet and corporate intranet. And the intranet eliminates many chores. "Personnel are now doing real stuff rather than issuing lots of paper,"

says James If the benefits are so obvious, why have earlier computer networks not delivered? It is because the information technology industry has been a Tower of Babel: communicating in languages which are unintelligible to all but native speakers.

A proprietary computer system may work adequately in the static environment for which it was planned. Over time, however, most companies have accumulated a hotch-potch of systems which most users find overwhelming. And a change such as the merger of Glaxo and Wellcome in 1995 exposes the rigidity of these standalone systems.

On their respective netaccessible to anyone with a ing a reader comments from identified by a different others who had accessed the number. But the designation for a Glaxo computer attached to the network, while unique within Glaxo, was quite likely to clash with one for a Wellcome machine, complicating a fusion of the two systems.

The Internet has overcome these problems by providing a common language of communication between computers. While Glaxo and Wellcome's electronic mail software packages were incompatible; researchers could communicate in the early days after merger by sending messages over the

Internet. This common Internet language is made up not only of a communications protocol but also a style of displaying information. For example, on intranets, as on the Internet, clicking with a PC mouse on a "button" or an underlined section of text will typically take the reader to another

.This consistency saves users learning a new visual metaphor. "As consumers,

downloading Dilbert cartoons and use the same technology for mission-critical applications in the company," says James. "The web preserves the user's invest-

ment in the system. In GlaxoWellcome's R&D department, employees' familiarity with the Internet is not only encouraging use of the intranet, it is what drove the creation of the internal network in the first place. A researcher investigating a molecule checks the Internet, which until the early 1990s was a network largely for scientists, for similiar work as a matter of

The ease of use of the Internet raised expectations. John Wodehouse, a colleague of James, says users asked: "If we can get this off the Internet, why can't we get information off the company network just as easily?" The development of the intranet was a revolution from below.

There is one hitch. The high priesthood, as critics be the traditionalists of the IT department, has resisted this intranet uprising. The IT department, used to determining specifications from ebove, saw the spontaneous growth of the intranet as anarchy. About a year ago, one hostile IT executive would still not acknowledge to outsiders that GlaxoWellcome even had an intranet.

Andy Lyall, head of the advanced technology unit, which pioneered the intranet, is gloomy about the prospects for an accommodation. "They say science proceeds as fast as the old men die; maybe the same is true of the Internet," he says - a little harshly, ha admits.

But, in the closest historical parallel, personal computers became mainstream products bought by IT. departments within a few.

The same may be happening again: Lyall says companies' IT departments are gradually embracing the intranet. The people who claimed that it could not work now say that it was their idea," he says.

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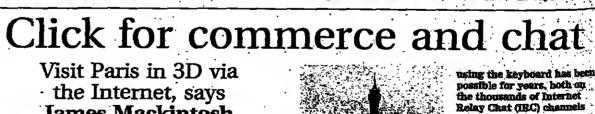


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James Mackintosh

Dessing the Eiffel
Tower you briefly join in a conversation about Parisian politics, before checking the balance at your bank and eleporting to the Virgin Megastore to listen to the latest chart hit.

All this and more can now be done with a few mouse clicks at Deuxième Monde (Second World), developed by Canal Phys Interactive, a division of the French media group, together with games company Cryo and Cap Gemini Innovations, the

research arm of Cap Gemini. Second World is a PCbased system that links three-dimensional digitised Paris with the Internet to provide an easy interface for electronic shopping and ervices and a social space

for users to chat. The system's finances are underpinned by shops such as Virgin Megastore and Le department store, which

FFr100,000 (£10,765) to produce identical copies of their stores in the city. Some stores include shop assistants, represented by customisable avatars, the same 3D digitised figures that represent the

The service launches in March and is expected to be very popular; the creators are hoping for 40,000 subscribers by the end of the year, although it will be free until September. Cap Gemini bopes it will start to break even by early 1998.

The interface is very like 3D computer games such as Doom, and despite the lack of cars the streets are recognisable as Paris. The high-resolution graphics are stored on CD-Rom to protect users from slow Internet connections allowing the system to include features such as

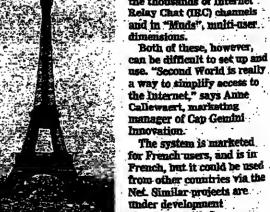
virtual weather. But apart from the



graphics software - which allows users to customise the appearance of their avatar and the virtual apartment each receives tha system is essentially just a way of bringing together well-known Internet technologies.

are made by launching a Web browser such as Netscape Navigator and using its built-in transaction

Purchases from the shops software, and online chat



use. "Second World is really. a way to simplify access to the Internet." says Anne Callewaert, marketing manager of Cap Gemini Innovation.

Both of these, however,

The system is marketed for French users, and is in French, but it could be used from other countries via the Net Similar projects are under development elsewhere, with Sony. British Telecommunications and the BBC testing an online 3D chat room called The Mirror, and Onlive Technologies offering a chair area using Internet

Robert .

"中华美兴"

Apres :

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Free strains

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telephony.
Second World is the only system driven by electronic commerce, not simply a "chat room". It also has the most ambitious graphics.

Discussions are under way with potential partners in Japan, the US and Britain about creating local: versions, Callewaert says.

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Leaked letters show ministers were warned about falling standards in abattoir hygiene rail grow Slaughterhouse standards remain low But yesterday Labour produced a leaked letter from the standards remain low duced a letter from the standards remain low duced a letter from the standards remain low duced a letter from the standar

The UK government last night threatened to name dirty ebattoirs which failed to maet basic hygiene requirements, after it emerged ministers were warned as recently as last month that standards

remained dangerously low. The opposition Labour party. produced leaked letters showing that meat inspectors warned the government repeatedly in ths last three months that abattoir standards were falling, and that some premises harboured the deadly e.coli organism.

Mr John Major, the prime minister, and Mr Douglas Hogg, the agriculture minister, insisted last week in the House of Commons that abattoir standards were rising and that lessons from the leaked "Swann report" into slaughterhouse hy- in abattoirs had become

Beef sales could suffer fresh chaos if director, said there was a danger UK let's not pretend we're doing it on a meat is exported as "BSE-free" under consumers would see "BSE-free" beef BSE-free basis," said Mr Batty. the government's export-certified herds scheme, Tesco, the UK's biggest food retailer, warned yesterday, Alison Maitland writes.

The government presented the scheme to the European Union last month with a request that beef from herds that have not suffered bovine spongiform encephalopathy (BSE) for at least six years should be exempted from the export ban. But Mr Andrew Batty, Tesco's meat

giene had been learned. Yaeterday ministars attempted to regain their grip on the situation, and promised tough action would be taken against abattoirs

which failed to meet hygiene

standards. Mr Major said he would personally investigate claims made by Mr Peter Comrie, general secretary of the Association of Meat Inspectors, that health standards

going for export and demand the same. This would force retailers to compete for meat from a very small number of "certified" herds and force prices up sharply.

could not be guaranteed BSE-free agriculture ministry said it had never because some farmers might attempt aimed to market the herds as "BSE-to preserve their "certified" status by free." It insisted there would be suffimoving cattle out of herds if they developed early signs of the disease. "We need the export ban lifted, but certified herd.

Mrs Browning also said

that three staff had been dis-

missed and 41 disciplined by

the Meat Hygiene Service -

the government agency

responsible for abattoir

hygians - in recent months.

tough line marks a signifi-

cant shift from last week's

stance, when Mr Major and

Mr Hogg mounted a con-

1993 in case of Wren v

Eastbourne Borough Council,

Tupe applies to transfers of an economic entity involving

and change of ownership due to

1904 Christel Schmidt case in

applies to contracting out of ... services performed by just one

Emopean Court establishes Tupe

Workers' rights: tangled route through the courts

The government's new

Mrs Angela Browning, food safety minister, said she

was consulting on plans to

publish an abattoir league

table, by making public the

hygiena scores awarded to

The scores currently range

from 27 to 98 out of 100, but

Mrs Browning said she could

not identify failing slaugh-

terhouses because of "com-

mercial confidentiality". She

also promised to prosecute

1977 Acquired Rights Directive

designed to protect workers' rights

on change of employer, thought to cover company takeovers and

1981 Directive comes into torce in

UK under Transfer of Undertailings

1992. Non-commercial ventures are covered by Tupe, according to

Sophie Redmond Stichting'v BartoL

(Protection of Employment)

Regulations (Tupe).

comes trito force across EU,

individual premises.

Beef will qualify if it comes from an

animal under 80 months old which has improving, standards of been clearly identifiable throughout its life. It must come from a herd that has been free of suspect or confirmed He said meat from certified herds BSE cases for at least six years. The cient controls under the scheme to pick up any suspect cases of BSE in e

ticking timebomh". abattoir managers who MPs that abattoirs had threataned inspectors. cleaned up their act. The controversy sparked by the Pinancial Times's revelation of Mr Bill Swann's highly critical

report on meat hygiene in

subsequently watered down and then suppressed. Mr Hogg told MPs that Mr Swann's recommendations had been implemented, and he insisted that "standards certed effort to convince are constantly improving".

duced a leaked letter from Mr Comrie dated January 19. which claimed that "far from hygiene are decreasing".

The letter to Mr Johnston McNeill, chief executive of the Meat Hygiene Service, said: "There is no need to tell you that this is a potential timebomb, and I would urge you to implement measures - as in the BSE crisis - in order to overcome this

In another letter to Mrs Browning on February 11, he wrote: "Faecal contamination, which can lead to e.coli, needs to be far more rigorously controlled, without delay." And in a final letter to Mr

dangerous situation."

December 1995, which was McNeill on March 5, Mr Comrie claimed some meat inspectors were "encouraged to ignore breaches of regulation and in some cases threatened" if they tried to taka action.

Tupe applies even if workers agree to change in

1996 Tupe appase where transfer is of a body of tangible or intengible assets enabling activities to be carried on in a "stable" way, European

Court ruling in Ole Rygaard v Stro Molle

1967 European Court ruling appears

employment conditions prior to transfer

UK NEWS DIGEST

Minister in EU response

Mr lan Lang, the trade and industry secretary, has sought to reassure British business about the UK's policy towards the European Union. He was responding to a warning from 23 business leaders, in a letter to the Financial Times yesterday, that Britain's place in the EU was being undermined by "extreme Euroscepticism".

The industrialists' message was reinforced by an opinion poll which claimed 53 per ceot of Britons would be willing to trade economic sovereignty for higher living standards. The Opinioo Research Business survey, for the European Commission's London office, said 60 per cent of voters believed the UK should leave open the decisioo on oining a single currency, with 14 per cent wanting it immediately and 20 per cent ruling it out. On the social chapter, 38 per cent were for adopting it and 41 per cent against. In his own letter to the FT, published today, Mr Lang says: "There can be no question of diluting our com mitment to the single market, which is the real heart of John Kampfner and Stefan Wagstyl Letters, Page 12; Observer, Page 13

RETAIL TECHNOLOGY

Shell unveils smart-card move

Shell yesterday unveiled a development in the use of microchip smart cards which could revolutionise shopning in UK retail centres.

The company announced that a consortium of retailers s joining tha oil company's loyalty scheme. The Smart scheme, to be launched in Scotland on Friday and rolled out throughout the rest of Britain in the autumn, will be the most comprehensive joint loyalty programme in the UK. It links retailers Dixons, Currys, Victoria Wine,

Vision Express, John Menzies and The Link with Commercial Union, the RAC, Hilton Hotels and Shell. Both J Sainsbury, the supermarket group, and Lloyds Bank are in talks with Shell about participating in the

Other potential members include Next, the clothing retailer, drinks manufacturer Allied Domeco. Ford, the vehicled group, and Cellnet, the mobile phooe

Smart cards, using microchips with the cepacity to store and process as much information as a small personal computer, were pioneered by banks in France and Peggy Hollinger and Paul Taylor

CLIMATE CHANGE

Hot weather costs industry dear

British industry and agriculture lost hundreds of millions of pounds worth of business thanks to unusually warm weather in 1995, according to a Department of the Environment report released yesterday.

As the department announced it was carrying out a study to assess the vulnerability of the UK economy to climate change, Mr John Gummer, the environment secretary, warned companies that they would have to adapt to take account of year-on-year increases in temperature. "It is clear that the summers are getting warmer and

that the 'unusual' summer of 1995 may become a much more common event," he said. "At the present level of warming adaptation is possible."

Domestic energy use fell by £355m, while the insurance industry lost £326m over the year, much of it due to claims for subsidence. Agriculture lost £180m as milk vields and potato crops fell and livestock mated less.

Ms Jean Palutikof, one of the authors of the report, said British tourist facilities tended to be geared to providing things to do when the weather was poor. "The tourism industry does need to take steps to link into the ohvious desire of people to stay outdoors," she said. Michael Peel

■ HEALTH SERVICES

US firm scoops \$81m contract

A \$50m (\$81.5m) contract has been awarded by Chelsea and Westminster Healthcare NHS Trust to Tarmac

ServiceMaster to run all of its non-clinical services. The contract, one of of the largest of its type, runs for seven years. It covers the supply of catering, waste disposal, linen and laundry, estate and car parking manage-

ment and domestic services. Tarmac ServiceMaster, a joint venture between Tarmac, the UK construction and building materials group, and ServiceMaster, the US facilities management group, was established two years ago. It also has won contracts to supply non-core services to Derbyshire Royal Infirmary, Thanet Healthcare, British Gas, the Royal Parks and Syntegra, part of BT group.

DEFENCE

Ministry wins \$8m for damage

The Ministry of Defeoce has secured only £5m (\$8m) in compensation from a company which caused £20m in damage to Royal Air Force Tornados it was supposed to

As the MoD is negotiating private finance initiative contracts worth several billion pounds with companies, the ow settlement raises fears that MoD contracts may not be tight enough to protect the department when cootractors make mistakes.

Sixteen Tornado F3 fighters had to have their centre fuselages replaced after Airwork, the aerospace company. modified the jets at the RAF's maintenance base at St Athan in Wales in 1992. An RAF technician discovered the poor work hy chance, and the jets had to be sent back to British Aerospace, their manufacturer, for repairs

MEET THE NEW GOVERNMENT OF ROMANIA!

With the last elections, Romania achieved its democratic procees - thanks to the new government which snjoys a strong support from the international community, a very important country in central Europe is now an excaptional place for trade, exchanges and investment in a confident and peaceful atmosphere - The President of Romania Mr E. Constantinescu, The Prime Miniater Mr. V Ciorbea and The Government of Romania invite you to participate in the

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Contracting rule reversed by EU court

and Robert Rice

services under the government'e contracting-out legisletion could face huge hills for inherited employment -Justice vesterday.

A judgment of the Luxem-- bourg court decided that the 1977 European Acquired - Rights Directive - translated into UK law in 1981 - does not automatically apply when a contracted-out ser-- :vice-transfers from one pro-· vider to another. The decifar reaching implications for both contracting companies and the UK government's. programme of contractingout public services.

The directive came into force in the UK under its embourg judges gave the (Protection of Employment) application when they ruled Regulations, known as Tupe.

changed hands. Tupe has a complex history of court decisions in its wake. But for Companies providing public the past three years public contracts have been let on the assumption that it applied to contracting-out. This means that, when conliabilities following a U-turn tracts change hands, employin the European Court of ees are transferred to the new employer on their existing terms and conditions. If Tupe ceased to apply, an employer losing a contract would become responsible

ment liabilities. The Business Services Association and Public Contractors Association, which sion has potentially represent contracting companies, both sought urgent meetings with the Department of Trade and Industry to clarify the position yester-

Three years ago the Lux-Transfer of Undertakings a directive the widest possible that it applied to the con-It was designed to protect tracting-out of services perthe jobs and conditions of formed hy just one described the decision as "an employees when the under employee. But yesterday the amazing U-turn". Mr Fraser taking they work for court said European employ- Younson of City solicitors

for all the inherited employment protection rules did Baker & McKenzie said the when a contracted-out service changed from one contractor to another. If there was no transfer of assets when a contract changed hands or the new employer did not take on an essential

part of the workforce, the directive did not apply, the Employment lawyers

not antomatically epply ruling would come as an Tupe or con-Tupe basis. "unwelcome bolt from the blue" for contractors. "Contractors already in contracts tendered their bids on the basis that Tupe applied and so they didn't factor in severance and redundancy huge hit when contracts one employee.

court decision appears to terday. allow public authorities some choice over whether to a single German case and workers their legal rights.

The decision appears to take the law back to the position before the 1994 Schmidt case, when the court ruled that the directive applied to the contractingout of cleaning services for e costs. They could take a German bank performed by

The trade Any uncertainty over the cautiously to the ruling yes-

"The ruling only applies to employers" to deny contract

Ex-Barings manager given three-year ban

Anthority, tha UK investment banking regulator, yesterday issued one of its strongest public rebukes to Mr Ian Hopkins, a former manager of Barings, the merchant bank that collapsed two years ago.

The SFA banned Mr Hopkins, former head of trea-- sury and risk at Barings. from being the director of a City of London firm for three years. It also hit back at public criticism by Mr Hopkins of its actions over the past year.

Mr Nicholas Durlacher, SFA chairman, said Mr Hopkins was wrong to have claimed to be a "whistle-blower" who tried to warn

trols. A tribunal had found Mr Hopkins' "actions fell far The Securities and Futures short of the standards expected of a prudent man

in such a senior position". Mr Durlachar's personal statement accompanying the ruling is unusual for the SFA. It follows Mr Hopkins' accusation this week that Mr Durlacher improperly handled the case.

Controversy over tha SFA's handling of the Barings collapse was stimulated last year by its decision not to take action against Mr Peter Baring and Mr Andrew Tuckey, Barings' former chairman and deputy

Mr Hopkins, who has conducted a campaign to be recognised as having taken measures to control Mr Nick other managers of weak- Leeson, the derivativas to the contrary".

trader whose actions cost Barings £830m (\$1.4bn), was formally declared not fit and proper" by the tribunal. Seven other former Barings managers bave been disciplined by the SFA over

the collapse. Sanctions ranged from a simple reprimand in two cases to threeyear bans in others. Mr Hopkins said yesterday he "totally rejected" the findings. He regretted "the gratnitonsly vindictive terms in which they are expressed" and believed he

had "cleared my name in the public domain". Mr Hopkins, singled out for praise in an inquiry into the Barings collapse by inspectors in Singapore, said that the SFA's decision defied "much documented and circumstantial evidence

Bias in N Ireland to be independently probed

religious discrimination in the private office of Baroness Denton, the Northern Ireland economy minister.

The review, to he cooducted by Mr Maurica Hayes, a Roman Catholic former Northern Ireland ombudsman, follows mounting criticism by nationalist politicians of the minister's role in the redeployment of a Catholic member of her

The staff member subsequently took an action to the fair employment tribunal alleging religious harassment against the minister's

private secretary.

Mayhew, the Northern Ireland secretary, strongly The UK government has defended Lady Denton, announced an independent insisting that she had no review into allegations of role in "the transfer or appointment of officials in her department which was a matter for the civil service. He also ordered an inquiry

into the leaking to the press of confidential staff documents at the Northern Ireland Office, which fuelled the controversy. As economy minister, Lady Denton is nominally in

charge of fair employment policy, which is aimed at preventing religious-based job discrimination. accused of ignoring the

In this incident, she ie guidelines governing application of the law where the perpetrator rather than the victim of the incident

The woman, who has not been named, was awarded £10,000 and received an apology from the department. Mr Seamus Mallon, the Social Democratic and

the rights of larger groups of

workers," said Mr John

Monks, the Trades Union

Congress general secretary.

"We are advising unions

that any future cases

should be judged on their

judgment will undermine

could encourage 'unscrupu-

lous, small, non-union

Unions do not believe the

directive but fear it

merits.

Lahour party MP, accused her of "disdain, bordering on contempt" for the fair employment law, although he did not suggest she should resign. With husiness and trade

union leaders expressing concern over the incident, Ms Marjorie Mowlam, who speaks for the opposition Labour party on Northern Ireland, has called for the government "to get to the bottom of the facts".

The government yesterday denied reports that Lady Denton bad cancelled a planned trip to the US in the

Conservatives challenged over source of funds

Lord McAlpine, the former treasurer of the UK's ruling Conservative party, yesterday said Mr John Major, the prime minister, should explain how the party had improved its finances by about 250m (\$97.8m) over the past five years.

Lord McAlpine said he was at a loss to understand how the party had rebuilt its finances after a particularly lean period - and claimed the party was under growing pressure to explain where donations were coming from. Amid recent indications that the party had swiftly overcome its 219m deficit following the last election, Lord McAlpine sald Tory officials should openly declare the source of large donations to quash media

speculation about the source

of funds.



Lord McAlpine: former Tory fundraiser questions the turnaround in Conservative finances

In an interview with the Financial Times, the 55-year old peer, who defected to Sir James Goldsmith's Referendum party last year, said that recent press reports suggested the Conservatives now had as much as £40m to fight the election.

He added that this had ally believed to be giving it come in spite of a large drop have stopped doing so, then in the number of corporate donations to the Tories in

said. "If the party has got has to explain that." forty-odd million quid in the

where has it coma from?"

He continued: "We could

views over whether donations should be made public. "A donation of £100,000 is not the end of the world no policies would be changed," be said. "But if donations are reaching half a million pounds, then the Conservative party should

public confidence." In a further embarrassrect route with voluntary

disclose them in the name of

disclosure abova a certain level," he said. He dismissed the contro-

not believe there had been peers on behalf of the office any impropriety in the way of Mr Tony Blair, Labour leader, said to be worth £500,000. "The better equipped is Tony Blair's office, the more able Labour is to provide a credible opposition," he said.

£100m for the Conservative party between 1975 and 1990, said he would he "very happy" to give evidence to the Nolan committee if it were to inquire into the funding of political parties. The committee is expected to do this if Labour wins the next election.

However, he made clear he tions about donations.

"restore public confidence".

any impropriety in the way the Tories had raised funds since he resigned as treasurer in 1991, but ha said he had recently changed his

recent years.

be talking about a £60m-"It's unbeliavable," he turnround, and somehody Lord McAlpine - who

kitty and the people gener- hails from the construction versy over the blind trust

ment to the Tories, he endorsed Labour's policy of declaring all donations made to party funds above £5,000. "I think that tha Labour party has gooe down the cor-

dynasty - made clear he did operated by three lahour

The peer, who raised about

did not believe parties should he statutorily raquired to make declara-

The only reason for doing so, he said, was to dispel rumours" about where the cash had come from and to

probe in

A Marian Salar Maria Committee · Marie MARK THE PROPERTY. The State of Land 105 W. to the man Mary Complete to the --

Action 148 September 1 The state of the s Park State Tall alebana Pro C. M. -10 to 1 " " Section Spirite Control STATE OF THE PERSON h-market 21

and of seconds. Market Co. g grante in \$1.2. W # Part 4 S Service of Marie All St. Sec of Constitute



Edward Mortimer

Means to an end

Sanctions against Iraq should be part of an international strategy to topple Saddam Hussein's brutal regime

tions - as the ANC did. and

for the same reason: they

believe sanctions are a

lesser evil than the regime.

In the next few weeks Iraq's population should begin to benefit from last year's oilfor-food deal, as necessities bought with the proceeds of Iraqi oil sales are distributed under the eye of UN

The sanctions against Iraq remain in place: the on poor blacks. The Afrikacountry is only allowed to sell \$2bn worth of oil over six months, and the proceeds have to be divided between compensation for war damage in Kuwait, UN costs, and humanitarian supplies purchased and distributed under UN supervi-

Indeed one could say that sanctions are thus aharpened, in the sense of being targeted more precisely against the regime and less against innocent Iragis who for Saddem Huasein's crimes. Wherever sanctions are used, they should he made as sharp as possible in

Sanctions can work, Many leading Afrikaners in South Africa admit they were an important factor in their decision to abandon apartheid and negotiate with the African National Congress. As a result, there is now a

tendency to emphasise the exceptional features of that conflict and to warn against taking it as a model. The Afrikaner elite, it is suggested, was half decent. or anyway "rational". It was also np against a strong resistance ready to accept the pain of sanctions even when (as in the case of coalminers) it cost them their jobs, because apartheld was

seen as the greater evil. By contrast, it is argued. sanctions cannot work against a ruthless or "irrational" leader such as Saddam, indifferent to the fate of his fellow-citizens, able to crush any visible resistance movement in the country. and with everything to lose if he shows the slightest sign of weakness. In such a case they only increase the Saddam Hussein: not impervious to sanctions

misery of the population. I am not convinced. Most of the same arguments were used against sanctions on South Africa in their time.

The white elite, it was said, was only marginally inconvenienced by sanctions, the worst effects of which fell ners supposedly had a langer mentality which would he reinforced by isolation. Whatever harm they euffered from sanctions would be far less than the harm they anticipated if the black majority were allowed to taka powsr. Right up to 1990, white rule looked set to continue for many years

South Africa. Saddam and his cronias are not interested in rugby. Oppressors same skin colour and in most of the country the oppressed are not free to organise or express their riews. Nor can one imagine Saddam sitting down to negotiate a power-sharing deal, in which he would remain as vice-president or while one of his former vic-

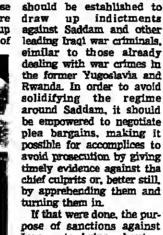
Obviously, Iraq is not

Iraqi Mandela, Ayatollah Muhammad Bagr Sadr. But Saddam is not impervious to sanctions. If he were, he would not have accepted the oil-for-food deal. Where they are free to express themselves, most Iraqi opposition groups favour maintaining sancinstalled.

and a price worth paying to Tha real problem is that in the Iraqi case sanctions are not part of a strategy for doing that Indeed, ending the regime has never been stated explicitly as their purpose, though it is pretty clear the US and UK will not allow them to be lifted

The only way he is likely to be removed is by force. Most people imagine this happening by a simple palace coup, but Saddam takes great trouble to prevent that. It will happen only when the regime is already leader of the opposition crumbling and things have reached a point where those tims became president. Ha around Saddam are more is no F.W. de Klerk, and he afraid of being caught up

while Saddam remains in



who might have been an what he might do to them.

Iraqi Mandela, Ayatollah It would help if the international community stated explicitly that sanctions are aimed at bringing about a change of regime in Iraq. and will be removed only when a new government reflecting a broad consensus of Iraqi political forces is

> The obstacles to such a statement are political, not legal. Many UN members are unwilling to call Saddam to account for brutality against his own people. however extreme. They fear the precedent would one day rebound against them.

But Saddam is not only brutal to his own people. The reason there are sanc tions against him is that in 1990 he forcibly ennexed e neighouring state. Moreover aggression. The UN has for mally determined that he also committed aggression against Iran in 1980, starting an eight-year war in the course of which he further broke international lew by using chemical

An international tribunal

up indictments against Saddam and other leading Iraqi war criminals,

pose of sanctions against Iraq - to bring about a change of regime - could be mada explicit. The Iraqi people would then have a clearer idea why sacrifices are heing demanded of them, and the rest of the world a clear reason for keeping sanctions in place.

LETTERS TO THE EDITOR.

Number One Southwark Bridge, London SE1 9HL We are keen to encourage letters from readers around the world. Letters may be fixed in *44 171-873 5938 (please set ing to fine), e-mail letters editor@ft.com Published letters are also available on the FT web site, http://www.FT.com Translation may be available for letters written in the main international languages.

Single market should be the heart | Systems shed of UK's commitment to Europe

From Mr Ian Lang MP.
Sir, Sir Colin Marshall and

his fellow hasiness leaders are entirely right (Letters, March 11). We should be proud of Britain's admirable record in Europe. The single market was very much a British initiative. It is now creating opportunities for British companies all over Burope - the volume of exports from Britain to other mber states rose 32 per cent between 1990 and 1995.

There can be no question of diluting our commitment to the single market, which is the real heart of Europe.

By the same token, British interests will be best served in the coming years by a robust defence of our flexible labour markets, and a refusal to accept the burdens of the social chapter. On this we part company with our political opponents, who have no compunction about embracing new European burdens on business

Ian Lang. secretary of state for trade and industry, House of Com London SWIA GAA, UK

From Mr Bill Cash MP and Mr Jain Duncan-Smith MP. Sir, Sir Colin Marshall and others who purport to represent the business commu-

nity with their comments on Europe are being less than

First of all their attempt to misrepresent the Eurorealist arguments as being about whether we are to be in or out of the single mar-ket are simplistic and not what the debate has been about. Furthermore, their implied claim to represent the business community is bogus. After all, it is small and medium-sized husisses, such as the members

of the Institute of Directors, which are responsible for much of the job creation in the UK, not multinationals. Are these signatories of the letter now prepared to admit that they were wrong on the exchange rate mechanism which ruined so many businesses and against which we

fought? If they want to debate the facts then we are ready to do so any time. The truth is they are bringing nothing new to the debate other than empty rhetoric and bogus

Bill Cash, Iain Duncan-Smith, House of Commons London SW1A OAA, UK

From Mr Peter Scott. Sir, As one who is struggling to identify the potenand economic union with Europe, I was disappointed by the generalities and unsupported assertions in a letter yesterday from Sir Colin Marshall and his distinguished associates.

A number of economic benefits are cited, for example visible trade and investment flows. But how can we know that these would not have flowed anyway because of our physical proximity to Europe and our membership of the General Agreement on Tariffs and Trade. Also, is it not true that much of the improvement in our economy, which is admired by our European friends, occurred after we left the

exchange rate mechanism?
If Sir Colin and his associates are so sure of the enormous benefits which we have already gained and those they believe we could gain in the future from our participation in the European Union, I think the British public deserves more reasoned and substantiated

Peter Scott. **Hemmington Scott** Publishing, City Innovation Centre, 26-31 Whiskin Street,

evidence from them.

Japanese companies have copied their approach and asa result the worldwide stan-London EC1R CBP, UK dards of manufacturing . in these "modular" indus-

tries have improved dramat-. ically On the other hand, these concepts have been less dramatic in their application to other types of industry. Other factors determine the source of competitive threat - low unit costs in commodi ties, close customer relationships in fashion and strate-

gic contract negotiation in

project.

extra light on

Japan's record

From Mr Frank Kaye. Sir, Peter Martin, in his

article "Weak link in the

chain" (March 6), makes an

excellent case for filtering

out the Japanese threat on

the basis of the distribution

There is an additional

dimension on which Japa-

nese industrial success and

amenability to the manufac-

turing business system char-

acterised by concepts such as Kanban, Just-in-Time,

Zero defect, Total Quality,

In studies, in which we

were involved in the early

1980s, we were able to char-

acterise manufacturing into

(such as clothes), commodity

four generic types: project

(such as oil refining) and

It is the last category in

which the Jopanese excelled.

They were able to manufac-

with an unbeatable combina-

tion of variety of product

features, low cost, high reli-

ability and short delivery

Subsequently, non-

ture cars and electronics

modular.

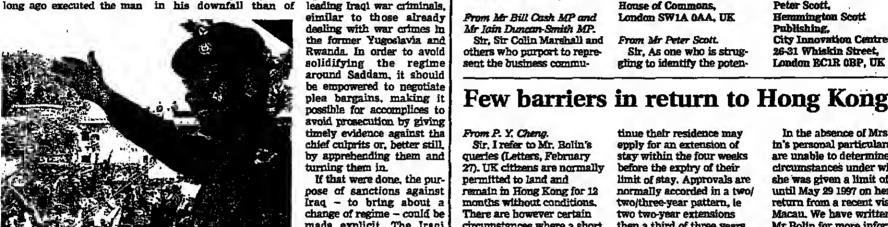
lead times.

failure can be predicted - its

ular industry.

characteristics of any partic-

Frank Kave. partner. Organisation Consulting Partnership, 27 Consitor Street London EC4A 1LT, UK



tinue their residence may epply for an extension of In the absence of Mrs Bolin's personal particulars, we are unable to determine the

From P. Y. Cheng. Sir, I refer to Mr. Bolin's queries (Letters, February 27). UK citizens are normally permitted to land and remain in Hong Kong for 12 months without conditions. There are however certain circumstances where a short period of stay may be considered appropriate, the date of expiry of the passport being

The current policy also provides that UK citizens in Hong Kong who wish to con-

Boeing's head

Skapinker of his

plans to turn the

company global

Philip Condit, chairman of

Boeing, tells a story from the

1960s when he worked on the

ill-fated US attempt to build

a supersonic aircraft to take

on the Anglo-French Con-

One of the problems the

engineers had to deal with

concerned debris getting into the engines. The supersonic team wrote a report on

"foreign object damage", as the problem was known.

When the report came back

from the Boeing document

editors, this had been changed to "non-US object

Three decades on, Mr Con-

dit says, not much has

changed. The problem, ha

says, is not just that employ-

countries as exotic. They

taka the sama attitude to

anywhere in the US outside

Seattle, where the company

has its headquarters and its

Boeing staff talk ahout

plant means one of the

group's other locations, such

year and chairman in Febru-

he wants Boeing to become a

being a Seattle company has

Boeing is the world's most

Founded in 1916, it has seen

many of its US and Euro-

pean competitors fade from

or disappear into larger

France are now part of Air-

hus Industrie, the European

consortium which is Boe-

ing's closest competitor.

ROUDS

as Wichita, Kansas.

most important factories.

corde.

damage".

tells Michael

stay within the four weeks before the exptry of their limit of stay. Approvals are normally accorded in a two/ two/three-year pattern, le two two-year extensions then a third of three years. UK citizens on extensions of stay in Hong Kong as residents who return from short

circumstances under which she was given a limit of stay until May 29 1997 on her return from a recent visit to Macau. We have written to Mr Bolin for more information so that follow up actions may be taken.

Immigration Department, 7 Gloucester Road, Wan Chai, Hong Kong

P. Y. Cheng trips outside Hong Kong are given the same limit of stay if their previous one has not

The FT Interview · Philip Condit

Flight plan from Seattle

THE BUSINESS TRAVEL LEAGUE Score flatters dull affair

THE LATEST SCORES IN

AMEX HOGG ROB' 2

It isn't always wise to rely on the big names to produce a good march. Maybe their factics inhibit innovative moves. Do you ever long for a more inspired attitude, particularly when looking for service in the travel management business?

Portman are different. Stylish, creative, and enthusiastic: this is a team you really need to see. We're gaining more support by scoring consistently where others don't

Portman are No. 4 in the league, and the UK's largest independent travel management company - which means

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PORTMAN

Condit: 'You win by moving quicker than your competition'

will take over McDonnell It's interesting to see that in Douglas. While its acquisttion is a large defence conses at Boeing think of other tractor, its commercial aircraft business, once a world force, now struggles to win 3 per cent of the world mar-ket. Boeing's takeover will not only signal the end of McDonnell Douglas as an independent maker of civil eomething as being "in- aircraft. It will also turn plant" or "out-plant". In- Boeing into the higgest plant means Seattle. Out- defence and zerospace com-

pany on earth. Mr Condit believes, however, thet Boeing cannot Mr Condit, who became stand still. There are too Boeing's chief executive last many examples in aviation and other sectors of what ary, wants to change all has happened to companies that. Over the next 20 years, that have tried to do that. Last year, in a speech to

global rather than a US com. Boeing manegers, he described his vision of what Boxing employees could be the group would look like in forgiven for thinking that 2016, its centenary year. He successful aircraft maker. takes such as attempting to another obstacle. enter the train or boatbuilding business.

civil aircraft manufacturing would be a "global enter-

presence in civil aviation. ated.
The British Aircraft Corpo- Mr Mr Condit says he is - of dealing with that." ration and Aviation Sud of impressed with the way oil

companies have benefited Douglas, which is based in from losing their national St Louis, Missouri, will at

Changing tha national composition of Boeing's leadtold them that Boeing would ership will not be easy. The served them well enough. be an aerospace company. It group at present has no nonwould not repeat earlier mis- American directors. There is

the United States its nation-

ality has begun to disappear.

Almost everyhody in the

United States says BP and

not British Petroleum. It'a a

another group which man-

ages to present itself as a

local company in the coun-

Would he be happy if in 20

years people did not think of

Boeing as a US company?

"Yes," Mr Condit says. "I

believe we are moving to-

wards an era of global mar-

kets and global companies. I

think it's advantageous that

your workforce, your execu-

would expect the nationali-

considerably broader."

tries in which it operates.

local kind of company."

"Because we are a US Second, he said. Boaing board members have to have quality. That's not the issue. security clearance. As we prise". This would mean move in an international increasing the number of direction, wa will have to Lockheed no longer has a countries in which it oper- find ways - tha US government will have to find ways

Taking over McDonnell least mean that Boeing'a US You win by moving quicker "BP is probably the most geographical base will widen Later this year, Boeing global company in the world, beyond Seattle.

could walk out the door and tonch 90 per cent of your executives," says Mr Condit. They were within a fairly sbort radins. I personally knew 95 per cent them. All of a sudden, 60 per cent of our executives are going to be non-Seattle."

The group will also need to change its attitude to . : those on assignments away from Seattle. Experience away from Seattle did not help your career. If you disappeared for a while, people would say, Where have you heen? Now I think we can make it a valuable thing."

make it a valuable thing." One of the ways that Boe ing plans to increase its international exposure is through increased use of joint ventures. Boeing has worked with Japanese com-. panies for years. McDonnell Douglas has links with companies such as British Aero- ... space through projects like

the Harrier jump-jet.
Mr Condit sees scope for joint venture projects in China, although the Chinese have chosen European part-Royal Dutch/Shell is ners instead of Boeing to

develop a new 100-seat jet. One concern he says he does not have is that joint venture partners might steal Boeing's technology. "I'm a heliever that technology transfers very readily."

During the second world war, Britain and Germany developed that jet engine simultaneously even though there was no communication between them. When comtive corps, reflect that. I munication occurs easily, technology transfer will be ties of our executives to be simple.

"I think trying to say Tve got a technological edge and I'm going to hold on to it' is impossible. The thing that does give you an advantage is human capital and how you run the business. Yes, you can teach somebody todefence contractor, our build parts of a very high

> "Peopla in the United States got very excited that RCA developed the transistor but the commercialisation really occurred in Japan. But if we're not smart enough to commercialise it, that's not their problem. That's our problem. than your competition, not by trying to hulld walls."

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Television/Christopher Dunkley

Please do not adjust your set Saturday

producer Greg Brenman: BBC1 devoted an hour and a half to his costume drama Deacon Brodie, and on Sunday ITV cleared the schedule between 8.00 and 10.10 pm for his production of Jane Eyre. Viewers in most countries would think themselves lucky to be offered one drams of this quality in a month, never mind two in a weekend from a single producer. Deacon Brodie used comedian Billy Connolly to play the 18thcentury Edinburgh carpenter William Brodie. Connolly gave us a character close to pantomime, a loveable rogue who ran Funny, or what? with the here and hunted with tha hounds, sitting on the town council by day but whoring and thieving by night.

Nicholas Denig

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Yet however good it looked however funny soma of the scenes, and however strong the cast (Patrick Malahide, Siobhan Redmond, Russell Hunter and more) Simon Donald's script tripped in attempting one of the most difficult tricks in drama: to play the characters for laughs against a hackground at least

partly tragic. The only series I know where this has succeeded is M*A*S*H, in which the tragedy is thrust upon the characters are willing to disregard such a by fate, not through their own actions. Here there was no such factor, so there was a terrible crashing of gears when, for instance, one of the men being led to his execution cried out for clean clothes because he had soiled himself out of terror.

It is hard to understand the purpose of such graphic realism when, despite the headline claim in the BBC's publicity material that this was "the true story of one of Scotland's most notorious characters", the decision had been taken to invent a happy ending by allowing Brodie to escape death and flee with his beloved to France. According to the Dictionary Of National Biography ("Brodie, William, burglar; cabinet maker . . . hanged,

one of his confederates turning king's evidence") no such fairy-tale ending occurred. If you fundamental fact of life, why insist upon rubbing our noses in others so much less significant?

In Jane Eyre top honoms went

to Ciaran Hinds who managed almost entirely convincingly to combine all those paradoxical characteristics which tend to be called for in heroes of early-19th century fiction: a bully yet a gent, a man of integrity yet a bigamist and a liar, and so on. Cramming the yarn into two hours left too little time to create the mood or the melodrama which this, the second most powerful of the Bronte stories, ought to convey. Yet to say that is, in terms of popular filmmaking, to be hypercritical. It is only hecause British television has now taken, once again, to giving us this sort of costume drama in

some quantity that we have a broad basis for comparison and can say that, although good, this was not the very best.

ark Thompson, the new controller of BBC2, has been quoted this week as saying that he wants "younger anchor points" for the network "for under 25s". Does nobody in television realise that the average age of viewers is going up, not down? That there are fewer and fewer young viewers and more and more over 50? Thompson is 39. Perhaps he thinks all those over 50 are in their dotage. He should realise that those of us horn in the 1940s - Melvyn Bragg, Felicity Kendal, the Bee Gees, Joanna Lumley - are not only not stumbling about on Zimmer frames, but are actually

those horing people horn grants mean vivacity, variety hetween 1960 and 1980. The rap generation are already supplied with more than enough special programmes (have you seen the pittiful Girlie Show?) and what is needed is more fun-loving stuff for the over-50s.

Television is not the greatest medium for polemics, but the current run of Counterblast an excellent series, not least because the arguments put forward are mostly unexpected and yet surprisingly persuasive. Sue Smith's belief that keeping pets is almost always wrong - bad for us and for the animals - was new to me, and yet in half an hour she had me wondering. Nigel Harris's argument that immigration is invariably good for the host nation, that the British were crazy to bar the Hong

much younger mentally than all Kong Chinese, and that immiand sheer profit, was less novel but still something that hadly needs saving amid the pernetual unthinking chorus of anti-immigrant propaganda.

Does anybody know anybody who has been re-tuned to deal with Channel 5 (snpposedly launching at the end of March) and who can now receive the C5 (BBC2, Wednesdays) is proving test transmissions clearly as well as receiving all the old signals as clearly as before on all their equipment? Here is my experience: Winter 1996: a C5 re-tuner spends 11/2 hours in our house and leaves saving that all televisions and VCRs will now be able to receive C5. January 1997: postcard from C5 gives dates of off-air transmission tests. Unable to detect these tests on any of

February 3: phone C5 re-tuners

to say we cannot see test transmissions. February 17: since nothing has happened, phoned again. February 19: Still nothing, so phone again. Told a supervisor will contact us. February 25: phone yet again. Told a re-tuner will call between 9.00 am and 1.00 pm on March 3. March 3: no re-tuner. Phone to ask why. No explanation. Make new appointment for March 7. March 7: no re-tuner. Phone to ask why. No explanation. Point out this is their second no-show. Told that a supervisor will be informed, and re-tuner will come March 11.

March 6: start inquiring among friends and colleagues: one says she can now see C5 test transmissions but all her other channels have "gone fuzzy". Several say their old channels are still fine, but they can see only a vague ontline on the C5 test picture. No one claims to be able to receive clear signals from C5 and all the old channels, March 11: re-tuner arrives and makes the sets in sittingroom and bedroom work, but not those in study or top floor. So says cable company must re-tune their equipment in these rooms. Does anybody know anyhody ...

Perth Festival/David Murray

Year of new images

teems with theatre: new plays from local companies, student theatre, "street" theatre, avant-garde European troupes, and this year two visiting British companies as well. The British Council is celebrating its 50th year in Australia with newIMAGES, a year-long exchange programme which includes cultural and sporting events, scientific and technological symposia and much else. Under its auspices, the Royal Shakespeare Company and the West Yorkshire Playhouse are both touring the country.

Adrian Noble's imaginafive RSC production of A Midsummer Night's Dream arrived in Perth just as I was leaving, but I saw the West Yorkshire Playhouse company in The Beatification of Area Boy. Wole Soyinka's angry comedy about corruption and destitution in present-day Lagos is an odd amalgam of moral fairy-tale, raunchy local colour and

frank protest-tract. I thought Jude Kelly's

Republic of Byaravia.

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James Morris: Mar 14

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Sitkoveticsy and David Geringas:

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perform works by Tchaikovsky,

Rachmaninov, Prokofiev and

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photographer Cecil Beaton who

shoots for Vogue magazine and

and portraits of such notables as

Gary Cooper and Jean Cocteau;

EXHIBITION

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Brigittw Engerer, Dmitti

performed by the Metropolitan

Opera. Soloists include Philip

Langridge, Dwayne Croft and

he Perth Festival hrave staging just about held Sacré". With a text by Taveteems with theatre: it together, along with ner's spiritual adviser Anthony Ofoeghu's deft. wary performance as the upper-class Nigerian who has thrown in his lot with the "area boys" of Lagos small-time thieves and extortionists whose petty crimes help them survive amid the regime's far greater inhu-

> oyinka's illusionless decency tells strongly. There is a lot of singing, almost Carihbean-style; at the eud, however, everybody swings into real African music, and suddenly we realise that everything before has of course been played out in foreign fancy-dre

The newIMAGES project also supported an expansive celebration of John Tavener's music: six concerts partly or wholly devoted to it, one of them a performance of his new "singing tableau" Let's Begin Again, a co-commission by the Perth Festival with those of Norwich and Greenwich, and

Mother Thekla, the music occupies much the same musical territory as Tavener's famous hit The Protecting Veil.

The latter was performed bere by the cellist Raphael Wallfisch with panache, interestingly different from the serenity of its original soloist Steven Isserlis. The Perth mezzo Fiona Campbell was a loyal, distinctive soloist both as Mother Thekla's expiring Virgin Mary and in Agraphon - a favourite piece of Tavener's, apparently. though I find it too baldly schematic to hear it as real music at all. Lionel Friend had wisely been imported to conduct the West Australian Symphony in all the pieces with orchestra, which he dld

with expert sympathy. The chimes and gongs resounded, the bass-pedals went on and on, the strings rose to their few bright moments; the selfless, devotional manner that Tavener now favours was finely sustained, whatever one might the Paris "Festival d'Art think of it.



Refreshing: Paul Hilton as Jesus in 'The Passion', the second part of Katie Mitchell and Edward Kemp's new version of 'The Mysteries'

he most marvellous policy currently operating at the Royal Shakespeare Company is in operation at Stratford-upon-Avon's The Other Place. The young director Katie Mitchell, who is in charge of it this season, has made it a locale for medieval English drama: first, Everyman (directed by Kathryn Hunter and Marcello Magni), and now Mitchell's own two-part staging of The Mysteries, in new versions by

Edward Kemp and berself. The season casts light, as It is meant to, on the history of English drama. These early plays have a . direct and economical poetic eloquence that is modern in the way that Shakespeare often seems surprisingly modern; and they have too a religious and existential seriousness that we seldom associate with English theatre.

The simplicity and economy of Mitchell's account of The Mysteries (each part, The Creation, The Passion, lasts three hours) are, again and again, breathtaking. Although there are many moments when surprising twists in the old texts and/or narrative for us, the best passages of all are when completely familiar episodes seem to be happening before us for the first time. There is little

Theatre/Alastair Macaulay

or voice.

Most astonishing of all is the conviction with which Mitchell's actors bring off the extreme speed of the God/Abraham/Isaac story. God arrives before Abraham and calls him by name; but Abraham looks at him as at a stranger and simply asks "Who art thou?" God replies. explaining his identity in two quick lines, and Abraham responds at once: "To hear Thy will ready I am;/ Whate'er it be it shall be done." God's will, however, is that Abraham must prove his love of Him by slaying his own son. He takes just three lines to express this; Abraham, responding, takes just seven to express his utter devotion to his son and his preparedness nevertheless to obey God's will ("I love my child as their new interpreters refresh the my life; Yet I love my God much

more"). Here the two actors are David . Ryall and Richard Lynch, the two most enthralling actors in a gener-

by way of character acting. Each ally excellent cast. Ryali gives us player plays several parts, but with astonishingly - God at play. During only slight changes of costume, gait Abraham's anguished preliminaries for the sacrifice, Ryall/God seems to sleep. But, when the angel stops Abraham from slicing his sou's neck, he/He rolls across the floor toward Abraham, filled with glee to have discovered and to have tested so devoted a servant. Lynch is an Abraham of complete transparency.

> or his son, what is in his heart. Minimum fuss, just open immediacy; so that our eyes, at several stages of this story, are suddenly stabbed by uriously, the Crucifixion and Deposition are among the episodes omitted from Part Two, The Passion. Here the emphasis is all on Jesus and his disciples. At all points, Jesus is teaching, teaching, teaching, and the disciples keep struggling to

understand. This part flags a little

just before the end. Two slight prob-

lems are that Paul Hilton, an inter-

He ntters, whether to his God

estingly ungraceful Jesus, overdoes the improvisatory now-wbat-shall-lsay manner of Christ, and that he is too free with the text (as he is led off, he murmurs "I love you" to Pilate). Other departures from the text

comes in overlapping several scenes near the end, so that Peter overhears Jodas repent, and Jesus carrying his cross then hears Peter deny him thrice. All a tad too neat. And yet the story stays fresh, uncluttered, serious. Hilton gives us Jesus's happy surprise, for example, on curing the sick; and it reminds us of the artless surprise with which God reacted to the growth of the first trees, or to Abraham's supreme

Kemp's text, in quatrameter verse with changing rhyme schemes, gives us both mediaeval parlance (full of assonance and alliteration) and modern directness. "Grant mercy, good men, in good fay/ To bless this bread, I thee pray." Mitchell fuses text, acting, design in easy harmony. Like so much that this director does. The Musteries is an object-lesson in ensemble, economy, precision. This unbeliever followed it with complete faith.

In RSC repertory at The Other Place, Stratford-upon-Avon.

Theatre he similarities between Michael Punter's The Wolves and Michael Crasn Ondaatle's The English Patient are disconcerting. survivor Both are centred upon a mysterious stranger who survives a plane crash, and sor (or is be ..?) but each deals in the currency of

although both parties speak ideas around nationalism and internationalism, ownership and freedom, and miscomedy in their lack of complaced love. Ondaatje's story munication. Morag Hood is is set primarily in the desert. delightfully devious as a Punter however opts for harbusybody with designs on dier climes: a remote pig Odyn, ber ex-husband, while farm in the east European Tom Goodman-Hill is amusingly earnest as he flops for-Punter is clearly fascilornly about Anthony Lamnated hy dramatic conflict hle's concise wooden set through opposition. Oo a worrying about being "a simple level, Anya (Jane mummy's boy" and protesting his love for Anya. Hot on Hazelegrove), daughter of the heels of the mystery man the pig farmer Odyn (Silverster Morand), is a vegetarian, comes Nicholas Blane doing a hilarious Peter Ustinovan early indication of the touches of humour Punter style turn as the district's uses to undercut the politics former mayor whom every-

his characters are tussling one thought was dead. The mix of absurdity and The crash survivor (a reso-lute Crispin Redman) turns out to he an English profespolitical ideology sounds vaguely reminiscent of Gogol's comedy The Govern-

ment Inspector but the potential of in the text isn't quite realised. This is partly due to the rambling nature of the plot and partly the fault of the production. Director Simon Usher pays Punter the compliment of taking his play at face value, but less reverence would shake it into more vivid life. A faster, the same language, there is more vigorous juxtaposition of ideas would produce a greater sense of friction which in turn would push the rather sluggish pace.

Despite pleasures along the way, in the end The Wolves is stymied by its own ambitions. Nonetheless, its a huge relief to find a young playwright writing compassionately about people struggling with genuine concerns about the past, present and future, rather than merely flirting with fashionable

David Benedict

At the Bridewell London EC4 (0171 936 3456) and touring.

INTERNATIONAL

AMSTERDAM

CONCERT Concertgebouw Tal: 31-20-6718345 Koninklijk

Concertgebouworkest: with conductor Claus Peter Flor and cellist Jean Decroos perform works by Berlioz, Caplet and Tchaikovsky; Mar 14, 15, 16

BERLIN

CONCERT Konzerthaus Berlin Tel: 49-30-203090

Phitharmonie der Nationen: with conductor and planist Justus Franz perform works by Weber, Mozart and Schumann; Mar 14 Philharmonia Berlin - Grosser Seai & Kammermusiksaal Tel: 49-30-2614383

 Rosemarie Lang and Helmut Oertel: the mezzo-soprano and ianist perform works by Schumann and Brahms: Mar 15

Deutsche Oper Berlin Tel:

49-30-3438401 Susannah: by Floyd. Conducted by Marie-Jeanne Dufour, performed by the Deutsche Oper Berlin. Soloists include Karan Armstrong and Dean Peterson; Mar 15

■ BORDEAUX

THEATRE

Théâtre du Port de la Lune Tel: 33-56 91 01 61 Le Barbier de Sévilla: by Beaumarchais, Directed by Jean-Louis Thamin and performed by the Centre Dramatique National Bordeaux-Aquitane. The cast includes Loic Brabant. Amélie Gonin, Yves Gourvil, Robert Plagnol and Pierre Vial; to Mar 15

BOSTON **EXHIBITION** Museum of Fine Arts Tel:

1-617-267-9300 Face and Figure in Contemporary Art: display featuring the work of 48 artists from the early 1970s to the present day. The exhibition examines changing artistic representations of the human figure and face. Artists with work represented include Hockney, Opie, Freud, Lichenstein, Mapplethorpe and Kiki Smith; to Mar 15

CHICAGO

THEATRE Steppenwolf Studio Theatre Tel: 1-312- 3351888 Time To Burn: by Mee.

Directed by Tina Landau and performed by Steppenwolf Theatre Company. The cast includes Alexandra Billings, Jeb Brown, Frankle Davila and Mariann Mayberry; to Mar 30

DUBLIN

CONCERT National Concert Hall Tel: 353-1-6711888 National Symphony Orchestra: with conductor Alexande Anissimov and pianist Hugh Tinney perform works by Rachmaninov, Mar 14

FRANKFURT DANCE

Städtische Bühnen Oper, Ballett, Schauspiel Tel: 49-69-21237444 Artifact: choreographed by William Forsythe to music by J.S. Bach and Crossman-Hecht, performed by the Ballett Frankfurt; Mar 15, 16

EXHIBITION Museum für Moderne Kunst Tel: 49-69-21230447 Views from Abroad: European

Perspectives on American Art II: the second part of the gallery's exchange of exhibitions with the Whitney in New York. Artists featured includa Andre, Baldessari, Caga, da Kooning. Hopper, Johns, Lichenstein, Nauman and Pollock; to May 4

■ LONDON

AUCTION Bonhams Chelsea Tel: 44-171-3933900 Architectual Antiques and Related Items: sale featuring different styles of architectual antiques, including fire surrounds chimney pieces, fire grates and irons, stained glass, chandeliers, fenders and wall lights; Mar 13

CONCERT Royal Festival Hall Tel: 44-171-9604242

 London Philharmonic Orchestra: with conductor Roger Norrington and mezzo-soprano Sarah Walker perform works by Haydn and Brittan; Mar 14 Wigmore Hall Tel: 44-171-9352141

 Monica Groop: the mezzo-soprano performs works by Brahms and Ravel; Mar 15

EXHIBITION **Dulwich Picture Gallery Tel:** 44-161-6935254 Dramatic Art: Theatrical

Paintings from the Garrick Club: exhibition of paintings collected from the London theatrical club. featuring works by Johan Zoffany, Sir Thomas Lawrence, George Clint and Samuel de Wilde: to Mar 16

LYON

CONCERT Opéra National de Lyon Tel: 33-4-72 00 45 00 Juilliard Quartet: perform worsk by Haydn, Bartók and Brahms; Mar 14

■ NEW YORK **EXHIBITION**

to Mar 16

■ ROME EXHIBITION

Galleria Nazionale d'Arte Moderna Tel: 39-6-322 981 Alighiero e Boetti - L'opera Ultima: exhibition marking the second anniversary of the Italian artist's death and featuring four large-scale works; "Alternando de 1 a 100 e viceversa", "Oeuvre postale", "Tutto" and "Tappeto" which were among tha last works created by the artist; to Mar 16

OPERA Teatro dell' Opera di Roma Tel: 39-6-481601 Don Quichote: by Massenet.

Conducted by Alain Guingal, performed by the Opera di Roma. Soloists Include Ruggero Raimondi, Anna Caterina Antonacci and Alain Vernhes; Mar 16, 13

VIENNA

OPERA Wiener Staatsoper Tei: 43-1-514442960 il Barbiere Di Siviglia: by Rossini. Conducted by Allemandi and performed by the Wiener Staatsoper. Soloists include Kirchschlager, Szep and Groves; Mar 15

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FINANCIAL TIMES

Wednesday March 12 1997



Tel. 0171 495 5633 Fee: 0171 495 563e-

Boeing to drop US image over 20 years to fight

By Michael Skapinker in London and Emma Tucker in Brussels

Boeing, the US aircraft maker, aims to shed its image as an American company over the next 20 years, said Mr Philip Condit, its chairman, said in an interview with the Financial Times. Mr Condit said he wanted

Boeing to follow the example of oil companies British Petroleum and Royal Dutch/Shell, which managed to present themselves as local organisations in the countries in which they operated. Boeing would have to become a global s if it was to remain

He pointed out that Boeing's planned takeover of McDonnell Douglas of the US would reduce his group's dependence on its home town of Seattle.

The acquisition would mean 40 per cent of Boeing's executives would be based in Seattle, compared with the present figure of 90 per cent. Mr Condit

would attempt to expand internationally through joint

He was confident the takeover would be approved by both US and European regulatory authorities. Yesterday, however, Mr Karel Van Miert, the European Union competition commissioner, said he still had sobstantial regulatory concerns over the acquisition.

Mr Van Miert, who is expected to announce next week that the initial Commission probe into the deal would be prolonged by four months, said the problems with the merger

"still remain" Mr Condit identified British Aerospace as a company with which Boeing wanted to expand links. He expected ties with the UK group to increase whether or not Europa's defence groups manage to con-

solidate their operations.

BAe is already a partner of
McDonnell Douglas on tha Harrier jump-jet programme and Boeing is a sub-contractor

had been concluded, Boeing provide replacements for the would attempt to expand inter- UK's fleet of Nimrod Maritime Patrol Aircraft. The Boeing chairman said

he saw BAe as a possible partner on the planned Joint Strike Fighter. BAe was part of a consortium with McDonnell Douglas and Northrop Grumman of the US, which was eliminated from the competition to build the new fighter.

The US government decided the aeroplane would be built either by Boeing or Lockheed Martin of the US. Mr Condit said BAe "gets to make a choice as to which team they want to be on".

Mr Condit denied a claim by Mr Manfred Bischoff, chief executive of Daimler-Benz Aerospace of Germany, that Boeing had prevented Northrop Grumman from working on the A3XX, the 550-seat aircraft being planned by Airbus

Mr Condit said Northrop Grumman had made the decision to withdraw.

Flight plan, Page 12

S Korean giants unite hostile takeovers

By Jack Burton in Seoul

South Korea's leading conglomerates said yesterday they would act jointly to suppress any hostile takeover bids in an effort to preserve economic stability and prevent domestic companies falling into foreign hands.

The decision by the Federa tion of Korean Industries, which represents the leading conglomarates, or chaebol came after several conglomer ates tried to stop one of the country's first hostile takeover hids - an attempt by the Dongbang food group to acquire Midopa department stores.

The FKI announcement underscores that South Korea's conservative business culture will probably ensure hostile takeover bids remain rare, despite the easing of ruias on mergers from next month, a requirement for the country's entry last year to the Organisation for Economic Co-operation and Develop-

The Dougbang bid for Midopa has been particularly controversial in South Korea since the Peregrine financial group of Hong Kong is sup-porting the deal South Korean law still bans hostile takeovers by foreigners. Even the involvement of foreign inves-

Midopa has raised hackles. Midopa used the threat of foreign ownership to persuade eeveral chaebol including Samsung, Hyundai and LG to buy bonds with equity war-rants as part of a defensive move by its parent group Dainong to keep its controlling stake in the store chain.

tors in the domestic bid for

Offshore funds controlled by Peregrine have a 10 per cent stake in Midopa. Dongbang and its allies have another 26 per cent against an estimated 38 per cent held by Dainong and its supporters. Peregrine and Dongbang operate a joint venture securities firm in Seoul which also holds a 1.9

er cent stake in Midora FKI officials complained that hostile takeover bids would disrupt South Korea's industrial competitiveness by forcing companies to divert money needed for investment during a period of sluggish growth into defence from corporate raiders. There are also fears that companies will become easy targets for "greenmail"

raids by foreign investors. Analysts do not discount the

Zaire diamond chief ready to collaborate with rebels

By Michela Wrong in Mbuji-Mayi

The head of Zaire's I would obey him. state-controlled diamond mining company, a significant source of revenue for the cashstrapped Kinshasa government, is ready to collaborate with the rebels poised to move into the country's mineralrich east Kasai province.

In a statement certain to send shock waves through central government, heavily dependent on diamonds from the region and copper from Shaba for foreign exchange, Mr Mnkamba Kadlata Nzemba, chief administrator of the Société Minière de Bakwanga (Miba), said the company would work under Mr Laurent Kabila, the rebel leader, if he occupied east

but we can't do anything to

appointee, told a group of Seko. He went ou national western journalists. "If Kabila televisioo late last year to rule arrives and he is the new boss,

"I obeyed Mobutu when he was boss, but he is not immortal. I would co-operate with anyone who succeeds him. I can work under Kabila. That doesn't make me a trai-

He acknowledged that the loss of Kasai's diamond reve-\$300m-\$400m a year bnt believed to be far greater because of the huge trade in smuggled diamonds - could mark a turning point for Kin-

Miba, in which the Zairean government holds 80 per cent and Sibeka, the Belgian company, 20 per cent, is Kasai's biggest diamond producer.

"We're not calling Kabila in, Mr Mukamba, widely regarded as the most powerful figure in east Kasai, was seen as a close Mukamba, a government ally of President Mobutu Sese

growing fears in Kinshasa that the mineral-producing provinces of Shaba and east Kasai, both areas with strong nues - officially estimated at, from central government, may

out co-operation with the Alliance of Democratic Forces for the Liberation of Congo-Zaire, making their first inroads into the eastern Kivn region. His change of heart will fuel

traditions of independence be tempted to join the rebel movement and sever their ties with the corruption-ridden When the town of Kinda, on Kasat's eastern border fell to the rebels 10 days ago, top

officials admitted it was a disaster. They said it must be recaptured before the rebels started infiltrating Kasai. But no army counter-offensive materialised and Mr Mukamba has made it clear ha regards rebel occupation as

Clinton calls for free air time

possibility of the Dongbang bid succeeding. Although Midopa placed its new \$60m bond issue with friendly buyers, they can not exercise voting rights at this year's share-holders' meet ing even if they convert bonds into equity stakes which would amount to a 10 per cent share of the company

Television is at the heart of finance reform because much political advertising is funded by "soft money", largely unres-

time but parties would be able to buy additional air time. the debate over campaign

give two hours of prime time

for each election campaign,

The Federal Election Commis-

sion would distribute the free

tricted donations meant for issues advocacy", not for can-

An opinion poll published vesterday by the Washington Post appeared to show that the fundraising scandal has, for the first time, had an effect on the president's high popularity

didate promotion

Revelations that China may have tried to influence last year's congressional elections

10,10

through surreptitious contributions are complicating the confirmation hearing of Mr Anthony Lake as the head of the Central Intelligence Agency. Mr Lake was the president's top national security aide when the Federal Burean of Investigation allegedly told two junior aides of the Chinese effort. Mr Clinton says the information was not passed to

FT WEATHER GUIDE

Europe today

Most of the continent will have abundant sunshine but cloud will sections. Morning fog, especially in the Benefux and Germany, will give way to sunshine by mid-day. Low sure over the central

Mediterranean will cause abundant rain with thunder in some areas. Afternoon temperatures will reach 22C along the Spanish, Turkish and Italian shores. Cloud and showers will keep Greece and southern italy somewhat cooler, Maximum emperatures will range from 10C to 16C in north-western Europe.

Five-day forecast

Conditions will deteriorate throughout north-western Europe the coming week. An increasing ly flow will bring a series of fronts with abundant cloud to the region. On Friday, northerly winds will draw cold unstable air over the continent resulting in a drop of temperatures and an increased risk



THE LEX COLUMN

Urge to purge

Not even the willest of the tsars could teach Mr Boris Yelisin statecraft. One has to admire tha panache with which he has lately blamed Russia's ills on his own ministers. And purging most of them yesterday was a coup de théatre - a conveniently striking demonstration that Mr Yeltsin is back in real charge.

All this is of course music to investors' ears, especially since enthusiastic reformer Mr Anatoly Chubais is now established in a position of prominence. Nevertheess, some caution is in order. For one thing, the episode underlines how far Russia's government depends on one man. True, Mr Yelt-sin packed plenty of punch into the 25-minute speech he has given since returning to office. But this alone

hardly seems enough to dispel all the old worries about his health. Moreover, welcome though it is that Russia looks firmly restored to the reformist path, it is just as well. Together with some distinctly questionable assumptions about Russian companies' mostly undocumented ability to generate returns, current share prices already imply some conspicuously rosy growth prospects for the economy. And in a market which has for no good reason ballooned by 60 per cent in dollar terms since the beginning of that year, good news on this front is a relief not a bonus.

Wise investors, in fact, will be

Suez/Lyonnaise

Why do persistent rumours of some kind of merger between Com-paguie de Suez and Lyonnaise des Eaux refuse to die? Probably because the notion has a tidyminded elegance. Currently, Suez has just a minority stake in Lyonmaise; by taking control it would become a bit less like a glorified investment trust and a bit more like a real company. Meanwhile, Suez's much-strengthened balance eheet would doubtless come in handy to Lyonnaise, which has grandiose international ambitions but hefty debts. And Lyonnaise'e succession problem – chairman Mr Jérôme Monod is close to retirement -

would be conveniently solved. The snag is that, tempting as these attractions may seem, they are unlikely to outweigh the awkward fact that combining the two

259 (+16.3)

Métro map; adding the whole of Lyonnaise is unlikely to relieve investors' worries that this is a company without much purpose. And although Suez would end up with control of two big utility businesses - Lyonnaise and Belgian power group Tractebel - the over-lap is modest. Indeed, such similarities as there are between the two are, if anything, a problem: Belgian backles would probably be raised by the prospect of one of the country's industrial jewels being swallowed up by a French utility group. In short, this combination may look nest on an investment banker's drawing-board but it is unlikely to create much if any value. That makes it essentially a zero sum game: either Lyonnaise shareholders would have to yield control for no premium, or Suez shareholders would end up overpaying. Even if some tax synergies could be found

looks at all enticing.

Zeneca Zeneca's cauldron is bubbling over with new potions. The group's pharmaceutical division is launching seven new drugs, including treatments for cancer, schizophrenia and asthma. In agrochemicals, it is rolling out herbicides and fungicides with combative names like Karate, Impact and Anvil. Even Quorn, the meat substitute, is enjoying a new lease of life - its sales nearly doubled last year. In the short term, marketing costs will restrain margin growth and cashflow. But Zeneca should have little businesses would have precious trouble meeting and beating its tarlittle industrial logic. Suez's corpoget of 15 per cent annual earnings

to lubricate a deal, neither prospect

The real strategic issue Had beyond that horizon. The rese pipeline looks eurprisingly hares there is only one significant drugdue for launch between 1998 and 2001, the year that patent expirits start to hit its maturing cardiovas options to address this problem Management's preferred route is products. And the speed with which it snapped up reignaine drug Zomi from Giaxo Wellcome shows. becoming fleeter of foot in this area But buying individual drugs men not be enough. Mr David Barnes the chief executive, has repeated dismissed the alternative - to se a big acquisition or a merger part-ner. But Mr Barnes is retiring in May 1998 and his successor m have to think more boldly.

Initiative

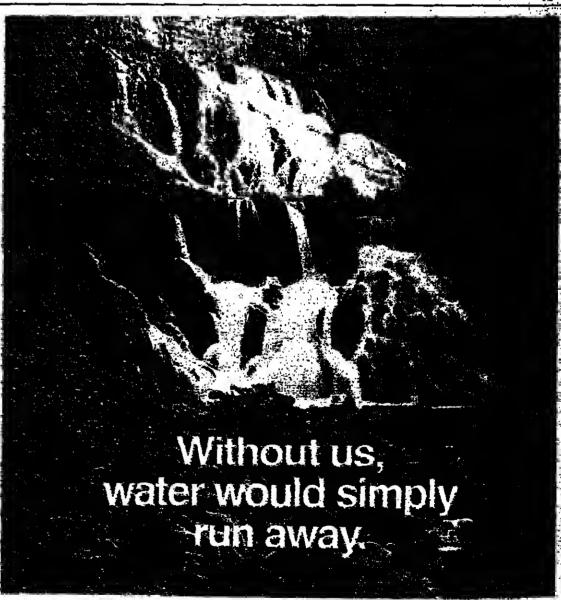
Orange -

Rarely has a British blue chin produced a results announce as crowing as Orange's. The mobile "chum" and higher "retained" ret nue per customer than rivals. I also stated its aim of "clear network supremacy" by the year-end, rather like the Warsaw Pact boasting more tanks than Nato in the middle of the Cold War.

A little cold water is need Orange has lower churn - the rate at which customers discour than rivals. But that is partly because Vodafone and Cellnet an shifting customers from their of analogue networks to new district ones: Vodafone, for one, claim lower churn on its digital network than Orange's. As for Orange's claim of higher revenue per subscriber, tha catch is the word "retrined". Its-rivals give a portion of their revenue to intermediate to sign up new customers, so this retain less. The snag is that Orange which does not use intermediate incurs the full cost of acquiring cus tomers. What about network is the supremacy? Here Orange's claim? rests on having more base stations than Vodafone. Unfortunately, its base stations have a shorter range so the coverage is not necessarily

A touch of propaganda is all very well as a marketing ploy simed to customers. The worry is that Orange feels a need to promote itself so aggressively to investors.

Additional Lex notes on Shell and



The cascade of water on the logotype of Swedish seal manufacturer Forsheda - recently acquired by TI Group for £182 million symbolises an environmental policy focused on prevening leakage of precious water resources. Forsheda leads the market in sealing plastic water pipes with Power-Lock. This system enables pressurised water lines to be jointed

without tools, an important consideration in the Third World. The integral Glipp seal - estimated to have a 100 year life - is market. leader in concrete drainage pipe seals. Building on Forsheda's univalled expertise, John Crane can now tap into the continuous flow of sealing opportunities in the water industry.

John Crane is one of TI Group's three specialised engineering businesses, the others being Bundy and Dowry. Each one is a technological and market leader in its field. Together, their specialist skills enable II Group to get the critical answers right for its customers. Worldwide.



Uncertain map of the future

COMMENT & ANALYSIS

FINANCIAL TIMES

Number One Southwark Bridge, London SEI 9HL Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700 Wednesday March 12 1997

Challenge for Mr Chubais

sack his entire government with the exception of Mr Victor Chernomyrdin, the prime minister, and Mr Anatoly Chubais. the newly re-appointed first deputy prime minister - is bold. But whether it will mark a return to coherent and determined reform depends as much on the resolve of Mr Chubais as on the fitful attention of the president. The new deputy premier needs Mr Yeltsin's backing. First, however, he must create a team and a programme worth the president's support.

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Mr Yeltsin's recent decisions show he has realised that the period since the presidential election last July has heen wasted. For all his loyalty, Mr Chernomyrdin is incapable of giving Russia the government it requires. Yet the prime minister cannot be removed because of the strength of the Duma's opposition to Mr Chubais. Mr Yeltsin must, therefore, give Mr Chubais the power to choose the team he wants if the new government is not to be as inefective as its prede

Mr Chnbais, in turn, should choose people who are committed to reform and possess integrity and intellect. It would be good to see Mr Yegor Gaidar and Mr Boris Fyodorov back in government. It would also be sensible to include supporters of Mr Grigory Yavlinsky, the erstwhile candidate for president.

Mr Boris Yeltsin'e decision to What is needed, in short, is government that exploits all the

limited available talent. No less important is remova from government of people with direct connections to large commercial interests. The confusion between government and business leads to bad economic policy, corruption and profound cynicism in the population Such action would put Mr Chu-bais in opposition to some of his allies. So be it. Reform cannot succeed – and will not endure if it is seen to be a mask for the looting of the state.

The new government's programme must concentrate on attacking corruption and tax evasion, eliminating wasteful subsidies, paying its arrears. privatising land and promoting competition and free entry for new business. With a credibly balanced budget, interest rates should continue their decline to levels consistent with fresh borrowing. Entry of new husiness is the best way to expand output and increase competition with the industrial dinosaurs, Punishment of corruption is essential if the ordinary citizen

is to be persuaded to pay taxes. What needs to be done has long been ohvious. But the will has been lacking. As a result, Russia is now a laggard among the economies in transformation. This is Mr Chubais'a chance to turn the giant around. It must be seized

Temps perdu

Only in fairy tales do kings pass laws requiring their subjects to get up an hour earlier every morning. Any modern state which attempted such a thing would be deemed to have plunged into totalitarian hmacy. Yet almost all modern states in the temperate zone do pass laws which bave that effect, by the simple expedient of announcing that summer time will begin on a certain

of doing this during one of the area. Even more so, if the time world wars. Others waited until the oil shock of 1973. The main reason bas always been the same, to take economic advantage of the longer daylight bours. Left to themselves, it . seems, human beings have an bed in the morning and stay up late at night. Governments acted to correct this by moving the clocks forward one hour. In western parts of the EU, this. actually means they are on double daylight saving, since even their winter time (except in the UK and Ireland, which stick to Greenwich Mean Time) is one hour shead of the sun

And now, diable! the French have changed their minds. Brimming with nuclear energy, France apparently no longer cares about saving electricity. French children, they must Instead she has discovered that changing the clocks twice a shocks than a one-hour time year "perturbs the biological

rhythms of children" and even reduces the milk output of

But can one state, especially an EU member, nowadays decide such a matter on its own? Yes, say the French, invoking subsidiarity. No, say their partners, with some awkward throat-clearing from Lon-don. Many kinds of business, but most obviously international transport, are inconvenienced if there are too many Some states got into the habit different time zones in a small difference between zones is not

constant throughout the year. Yet these spring and autumn rituals, though of relatively recent vintage, quickly establish themselves in people's routines. It took many years of irresistible propensity to stay in negotiation for EU members to agree on a single date when summer time would end for all of them. Can such a pivotal etate as France, to which or through which all European routes must lead, now he allowed to wreck it by going cavalier seul, requiring endless footnotes and special pages in

rail and airline timetables?

No. Better let French farmers

get up an hour later (by the clock) in summer - or an hour earlier in winter, if they prefer. 'As for the bio-rhythms of aurely learn to adjust to higger change every six months.

Despite EU and Nato pledges, doubts remain over how to manage their historic enlargement, say Lionel Barber and Anthony Robinson Lecb Walesa, former president of Poland, used to joke that if be

American generals on Polish soil,

could not have

a General Motors plant flying the Stars and Stripes would do. Today, GM has not only acquired a plant in Warsaw from a formerly state-owned car manufacturer, it is building a new \$350m (£214m) assembly plant in Silesia in the south of the country. Poland is among the frontrunners to join the Nato alliance and the European Union. Mr Walesa's dream of dual membership in the west's two most exclusive clubs seems secure.

Yet the prospects for Nato and EU enlargement into central and eastern Europe are not quite so clear-cut. Despite public pledges from both organisations about early entry dates, private doubts remain in western Europe about how to manage two historic developments which will redraw the map of Europe.

The relationship between Nato and EU expansion will he the chief theme at this weekend's meeting of EU foreign ministers in Appledorn, the Netherlands the first chance for months that ministera have had to debate "the new European security architecture".

Largely due to American cajoling, the timetable for Nato expansion still looks intact. The alliance is dne to agree to select the first group of new memhers at its Madrid summit in July - most likely Poland, the Czech Republic and Hungary - and admit them in time for Nato's 50th anniversary in mid-1999.

The main obstacle to Nato enlargement is the political consequences of extending western security guarantees to areas pre-viously under Russia's influence. The sweetener for Russia is a charter providing for cloaer co-operation and consultation. But if there is no deal with Moscow by July, Nato says it intends to wrap up negotiations with the new members by the end of the year.

Nato's target date is bound to put pressure on the EU to speed up its preparations for admitting the 10 candidates from central and eastern Europe: the Czech Republic, Hungary, Poland, Slovenia, Slovakia, the three Baltic states, Bulgaria and Romania.

But eastern enlargement remains bostage to the EU's Ostensibly, the Maastricht treaty internal agenda which is more review conference will offer solucontentious than at any time in its 40-year history. In the next six to 12 months, EU leaders face decisions on institutional reform at the intergovernmental conference (IGC) reviewing the Maastricht treaty: economic and monetary union (Emu); and reform of the EU budget.

These issues are separate in theory but linked in practice. Thus, the pro-Emu camp is warning that a delay in launching the single currency beyond the planned date of January 1 1999 could freeze plans to admit new memhers. Spain has dropped hints that it could block enlargement if it does not receive assurances that generous regional aid from Brussels will continue.

Greece has warned it will hold up enlargement if the EU tries to delay accession talks with Cyprus, Turkey has threatened to block Nato enlargement unless the EU offers a promise of even- new five-year budget package to

leaders led by Chancellor Helmut Kohl of Germany. Such issnes point to doubts within the 15-strong Union about expanding membership to 25-plus countries. The new Union would comprise a population of nearly 500m, stretching from the Arctic circle to the Aegean, from Barcelona to Bucharest. The 10 eastern applicants are poor, former command economies with unstable neighbours, potentially explosive minority problems and a combined gross domestic product less than that of the Netherlands. Taking in these countries will be far more complicated than the admission of Greece, Spain and

tual membership - a prospect rebuffed last week by centre-right

Portugal in the 1980s. The first difficulty lies in avolding decision-making paralysis in a bigger, more diverse Union. tions by weakening the rule of is one outcome; more important is the application of "flexibility", allowing some countries to integrate more closely without being held back by reluctant members.

The second difficulty lies in the political calendar. EU leaders have pledged to conclude the conference negotiations by mid-June. This deadline looks tight largely because the negotiations are unable to make headway before the UK general election. expected on May 1.

Yet failure to reach a deal in the conference would force a delay in unveiling "Agenda 2000", the European Commission's overall recommendations on adapting ahead of enlargement. This will provide opinions on the merits of the eastern applicants and include proposals for reform of agriculture, regional aid and a run between 2000 and 2005. Because memher states are deeply divided on all these issues, the Commission proposals are likely to determine the shape of the final outcome.

The European Commission is assuming little or no increase in real terms in the EU budget. The new budget discipline is driven partly by fiscal strictures facing countries in the future euro zone; partly by the prohibitive cost of extending an unreformed common agricultural policy and regional aid to a poor east.

Besides, the aspirant members are not ready to take on the acquis communautaire, the complex set of rules ranging from minimum social and environmental standards in the single market to the application of competition law. The solution, therefore, lies in long transition periods.

"These countries have skeleton public administrations and skeleton budgets," says a senior Eurounanimity. More majority voting pean Commission official. "There are serious questions about their ability to administer and enforce the acquis communautaire."

The third difficulty is that EU leaders have still to decide whether to open accession negotiations with all 10 applicants at the same time, or select countries at the Luxembourg summit in December where all the candidates will be present.

The Commission and the majority of EU countries appear to favour "differentiation", But EU leaders have barely addressed the question of how to deal with those excluded from the first round of enlargement, especially if these countries fail to make the first Nato cut as well. Bulgaria and Romania, where the governments have recently launched precarious reform efforts, are

obviously at risk.

capitals is much more confident than in Brussels. The word in Budapest, Prague and Warsaw is that talks for full entry into the EU will begin in early 1998, six months or so after the end of the intergovernmental conference.

At most, officials concede that the detailed sectoral negotiations - over nitty-gritty issues such as agriculture, freedom of movement and access to regional aid will be a bard slog.

lluding to Germany. the cost-conscious champion of enlargement, Mr Jan Truszczynski, Poland's ambassador to the EU, says: "Even those countries with a strategic stake in admitting Poland will have practical, tecbnical difficulties.

"Increasingly, we say what matters is the content of the negotiations and the quality of the outcome. If this means the negotiations take longer, we have no objections to arriving in Brussels around 2001-02."

Nevertheless, some of the presumed advantages of EU membership such as freedom of movement of people look double-edged from eastern Europe. West Europeans may fret about Czechs and Poles flooding their labour markets at times of record unemployment. But governments and employers in the heart of Europe are worried about brain-drains and their impact ou growth. It is a similar story in agricul-

ture where extension of the common agricultural policy would destabilise the Polish economy through an inflationary surge in farm incomes. This would force up land prices, divert investment from the modernisation of industry and create a new class of landowners. The same would The mood in central European apply to Hungary, hut less

to the Czech Republic. Mr Endre Juhasz, Hungary's ambassador to the EU, dismisses fears that the central Europeans will be compromised by taking on the acquis communautaire, Rapid privatisation and beavy foreign investment means threequarters of Hungary's exports now come from wholly- or partlyowned foreign plants. "The eoterprises ensure our integration and ability to compete in the Euro-

pean market," he says. The stream of foreign investment and the speed with which the central Europeans shifted their trade from east to west following the collapse of the Soviet empire mean the region is more integrated with western markets than seven years ago.

The Czecb Republic, Poland and Hungary carry out well over 60 per cent of their trade with the EU. Their commitment to free trade and investment liberalisation bas been strengthened by their recently acquired membership of the Organisation for Economic Co-operation and Development and the World Trade

Organisation. Some senior central Europeans wonder what further value they can expect from full EU membership, especially if it means taking on the hurden of the acquis communautaire and losing competitive advantage. Such doubts are reinforced by senior US officials who ask why central Europe wants to become more linked to the slowest growing of the world's big trading blocs.

But these are mere musings Faster integration into both the EU and Nato is still seen as a passport to security and prosperity, filling the vacuum betweeo Germany and Russia which has haunted the continent in the 20th century. The will to join the west is as strong as ever.

Slow justice

Attempts to identify and introduced in 1993. Last Noven compensate victims of personal pensions mis-selling have been proceeding at a snail'e pace. So the instration felt by the House of Commons treasury committee when questioning the heads of the Personal Investment Authority was understandable. The PIA, self-governing regulator for the sector, believes that 558,000 of a total of 5.6m personal pensions were cold without investors being propetly briefed, many as long ago as 1988. So far, only 37,000 of these cases have been considered in detail. And a mere 7,000 have been compensated, by an average of about £9,000.

The PIA said last week that it expected the companies involved to complete a substantial number of cases by the end of 1997". On Monday, the authority admitted it had no clear idea when the review would be completed.

The problem arose because pushy personal pensions salesmen failed to ask whether prospective clients were members of company schemes or were eligible to join them.

If they were, they would probably have been entitled to a better Dension out of the company plan. For example, nearly all employees who moved out of a company plan forfeited the employer's contribution, which averages 13-14 per cent of earn-

The procedures for identifying victims of mis-selling were ber it was acknowledged thet these had falled, and the system was simplified. But this has

done little to speed things up. Unfortunately, the sanctions which the PIA can impose on its members are limited. And the assessment of compensation puts a heavy hurden on personal pension members and their current or former employers, who must calculate the benefits employees would have received had they stayed in the

Compensation is thus often delayed by disagreements between personal and occupational pension providers over the cost of reinstatement in the company plan.

There are three important conclusions to be drawn from this debacle. First, ways must be found to hasten compensation. If full reinstatement in a company scheme is not possible, insurers should be allowed to offer better personal pension benefits instead, using a standard regulatory formula.

Second, the argument for an overhaul of the Financial Services Act is greatly strength ened by this failure of selfregulation. It may be necessary to rationalise the complex twotier structure of regulation.

Finally, the government's "basic pension plus" proposal for compulsory personal pen sions will prove a very hard sell until these past injustices have been remedied.

· OBSERVER ·

A big noise for Basle

Alfons Tons' Verplague is a matural choice to succeed Wim. Duisenberg as president of the Bank of International Settlements, the Basis based club for central bankers.

A numbers man down to his fleshy finger tips, Verplaetse has run the National Benk of Belgium since 1989, a period in which the country has consolidated its position as a front-rank candidate for economic and monetary union.

Verplaces a trademark is a

guitural chuckle mixed with the occasional "ooh la la!" to describe the gyrations of currency markets. But belind the governor's affable manner lies a man of discipline; he has stuck to Belgium's policy of shadowing the D-Mark through difficult times.

Like Jean-Luc Dehaene, the Belgian prime minister, Verplaeise made his name as a backroom operator; both served as chief of staff to Wilfried Martens during his tenure as Belgium's premier in the 1980s. Indeed, Verplaetse is more inclined to dip into politics than most of his shadowy central banker colleagues - even if that has meant the occasional ticking off for pronouncements which seemed to tread on

- Verplaetse's answer is that central bankers do not exist in a political vacuum; the public must be carried along, too: Sounds like sound advice for Wim Duisemberg, soon to succeed Alexandre Lamfalussy as president of the European Monetary Institute and favourite

Prudent future

Central Bank.

to head the future European

it is the year 2000. The brave new world of linancial services is dominated by Millennium Financial Group, with a market capitalisation of \$120bn: Morgan Stanley Dean Witter, augmented by the acquisition of credit card group MBNA in 1968, has thrown itself into snother merger of equals, this time with Chase, the first deal between a commercial bank and a securities firm since the 1998 repeal of the Glass-Steagall law which

outlawed such marriages. Not a futuristic flight of fancy. but a recent piece of research by analysis at Prodential Securities in New York. While the picture it points is a work of the imagination, "it's quite possible": argues Ruchi Madan, senior bank analyst at Prodential. The milential vista also includes the newly merged American Express Merrill Lynch, Dresdner Bank Salomon and Deutsche

the resulting culture clashes should take the rest of the next . centrary

Due south

Next time you buy a bottle of Aussie plonk, the chances are it will come from South Australia. But there is more to the region than sunshine, sheep and spicy shiraz; that at least, is the message being peddled by the state government.

Temporary housing, cheap loans and a "meet and greet" service at the airport are on offer as part of a drive to lure skilled immigrants to the summy south. South Australia is the only state in the country offering immigrants both accommodation and financial incentives.

But the bigwigs in Adelaide have their work cut out to compete with the glamorous by Australian standards - east coast. About 80,000 people settle in Australia each year, but most are drawn to the bright lights of Sydney and Melbourne South Australia attracted a mere 3,000 immigrants last year - hardly enough to support its ambitions as an economic powerhouse. As well as the incentives, the

state's economic development boffins have also launched a sunshine vellow Internet site to get their point across. Industrious Brits are the main

targets - thanks to the common lingo - though workers from Hong Kong, India and eastern Europe are also on South Australia's shopping list. For the record, IT, software and precision engineering skills are most in demand. If yon've got a masters degree in sheep-shearing, don't even

Deutsche Lang

bother applying.

Just in case the locals don't understand his point. UK trade and industry minister Isn Lang will tomorrow be in Germany to do a spot of social chapter bashing - in German. The self-styled chief executive of UK plc will travel to what ministers see as the heart of Euro-corporatist thinking to spread the gospel of flexible labour markers.

The event, at the Dusseldorf headquarters of the BDL the German employers' federation, will be the first time anyone can remember a British cabiner member delivering a speech in the local vernacular. But isn't that going a bit native, a bit communautaire? Not a bit of it, says an aide. "He certainly wants to sound polite, but he wants to get across the message in the clearest possible terms. It prevents misunderstandings if they hear it in their own language."

Pinancial Jimes

100 years ago Prospect Of War

The position in southern Africa is a simple one, though complications are likely to arise in unravelling it. On the one hand you have 50,000 Englishmen or women claiming the protection of England, ground down, oppressed and tyrannised over by (taking their own figures) 20,000 dogged, uneducated and determined Boers. This is what a Boer will tell yon today - "You Englishmen were driven out hy us in 1881, and we will drive you out again if ever you dare again to show your faces in the Transvaal."

50 years ago

The American Economy A report on the US production outlook for 1947, issued by the Office of Temporary Controls expresses qualified optimism regarding the continued economic good health of America. It is expected that wage rates will rise in the spring; that prices of agricultural products will decline: that building activity and output of durable consumer goods, particularly automobiles, will increase for at least most of the year, and that the present high level of expenditures on new plant and equipment will continue.

COMPANIES AND FINANCE: EUROPE

KPN benefits from overseas growth

By Gordon Cramb in Groningen

KPN, the Netherlands' privatised post and telecoms utility, increased net profits 9.1 per cent to Fl 2.46bn (\$1.28hn) last year, as expansion abroad compensated for the incursion of competitors

Mr Wim Dik, chairman, said the company expected "considerable" growth in earnings for the current year, as it continued its international development

groups plan

Volker Stevin and Kondor

Wessels, two Dutch con-

struction groups, are plan-

ning a merger which would create the biggest building company in the domestic

market and the second-larg-

est Dutch construction com-

pany active internationally.

They said yesterday that

discussions are taking

place on a full merger of the

two companies on equal terms". This would he

effected through a share

swap of one share in Volker

Stevin for 2.25 in the smaller Kondor Wessels.

The announcement came

ahead of Volker Stevin's

1996 results, due on Friday,

and is said to have been

brought forward as specula-

tion about the deal spread

on the Amsterdam bourse.

On Monday, Kondor Wessels

shares jumped Fl 5.70, or 7

per cent, adding another FI 1.40 after the official

statement yesterday to close

at Fl 88.10. Volker Stevin

shares, up a more modest 30 cents on Monday, ended

yesterday Fl 13.60 higher at

The planned deal values

of Fl 976m. Volker Stevin.

with 1995 sales of Fl 2.66bn,

FI 202.

Building

to merge

By Gordon Cramb

The acquisition late in connection rates among KPN's market share for national operators and 1996 of TNT, the Australian rival services, along with international calls, where AT&T of the US was offset in

though they did not include any contribution from TNT.

although several regulatory national network. issues remain unresolved. It has made an appeal to phony made itself felt last as a continued drain from its and the total dividen the government over inter- year through a drop in Unisource tie-up with other F12.55, up from F12.50.

Mr Ferdinand Chaffart, chief executive

of Générale de Banque, Belgium's larg-

est bank, said yesterday he was still

open to the idea of creating a Belgian

"megabank" through a merger with

Speaking as the bank announced a

Banque Bruxelles Lambert, the country's fourth largest bank.

10.4 per cent increase in net profits last

year, Mr Chaffart said: "I believe Gén-

érale de Banque has always said it was

interested in seriously discussing such

But he added that such a move

would be considered only when the big-

gest shareholders of the banks involved

agreed, and when it was clear that the

move made sense in terms of profitabil-

ity. Shares of Belgium's principal banks

have been moving upwards recently

amid renewed speculation that the cre-

ation of a megabank was on the cards.

The idea has been around since the

beginning of last year when Mr Phil-

that one-third of group sales which are building their net- a choice. Revenues from that would come from outside the works: Telfort, a joint ven- segment fell by Fi 170m, or and Indonesia. ture between BT of the UK 7.2 per cent, the company Revenues at Fl 21.33bn and the Dutch national rail- said, as price cutting set in. were up 10.6 per cent, a ways, and Enertel a consorrecord rate of growth, even tium of regional energy service grew 36.4 per cent,

The three want less making fewer calls and at KPN is to lose its domestic favourable charges imposed lower prices. Start-up costs monopoly over basic fixed on providers that have not meant multimedia services line services in July, been required to invest in a

Belgian bank merger

Losses at affiliates were Competition in Dutch tele down from F183mi to F160m

lost Fl 42m.

Subscriptions to its mobile

but mobile customers were

based parcels group, meant two future competitors business users already have part by better inflows from the Czech Republic, Ireland

Operating profits from telecoms were Fl 3.46bn, up 8.7 per cent, on a 9.3 per cent sales growth to FI 14.28bn.

The postal side produced operating income 30.8 per. cent ahead at F1943m, as revenues grew 10.4 per cent to F16.Tibn.

Net earnings per share were FI 5.29 against FI 4.89, and the total dividend is



BF722hn. The rise was due to a provi- Ferdinand Chaffart: interested in

eruisation of branches, including preparations for introducing the euro at the to BFr132hn, with interest income up by 15.6 per cent and non-interest

tomputer date systems to cope with income up by 18 per cent.

Mr Chaffart said the bank would proHowever, Mr Chaffart said he was pose a dividend for 1996 of BF7395, compared with BFr385 in 1995. However Mr Johan Tack, the bank's director, said

to post FFr6bn losses

By Andrew Jack in Paris

Shares in Axa, the French insurance group, rose yes-terday on news that UAP, the rival which it took over at the start of this year, would report lesses, after provisions, of FFr6bn-FFr7bn (\$1.04bn-\$1.23bn) for

The charge would allow a "once and for all" clean-up of UAP in its final set of results as a separate company. The provisions follow UAP's first ever losses after the provisions to 1995 of heavy provisions in 1995, of FFr2.1bn. It should help it handle restructuring, property and insurance charges. Axa-UAP will report combined figures from the start of this year. Its combination awaits shareholder approval m May.

Ara refused to comment on the UAP figures yesterday, which were reported in the French newspaper Les Echos. But it said it agreed with analysts' estimates that its own 1996 net profits would be in the range FFr3.6bn-FFr3.9bn. That would allow it to absorb much of any loss from UAP.

Axa-UAP has unveiled an executive committee, and appointed several outsiders to top jobs, including Mr Denis Kessler, head of the French federation of insur-ers, and Mr Donald Brydon. of BZW.

The group is also considering reducing its stakes in Bif, the oil group, and Banque Worms, the troubled

EUROPEAN NEWS DIGEST

Pathé moves into the black

Pathé, the French media group created from the share split of Chargeurs last year, yesterday reported net income of FFr156m (\$32.27m) last year after pro-forms losses of FFr509m in 1995. Turnover jumped by two-thirds to FFr1.6bn after the integration of its Renn Productions subsidiary into the accounts, the effects of the first full year of its Dutch cinema arm, and the consolidation in the second half of lest year of Libération, the left-wing

French daily newspaper.

Pathé became 66 per cent owner of Libération in 1986 after a financial restructuring, and the group said the paper had met its target of operating break-even by several million francs and was on course for a net profit in 1997. The figures came in spite of a decline in circulation of the paper during last year of nearly 5 per

cent to an average of 160,000 copies each day. Film production returned to a modest profit, and there was an improved performance from the group's television interests, reflecting the results of BSkyB, in which it holds 17 per cent, offsetting losses from CanalSatellite. the digital service in which has a 20 per cent stake. Its cinema chain activities reported a decline in earnings before interest, tax and depreciation to FFr76m from FFr81m after a FFr23m provision to restructure its Dutch operations. Group debt fell to FFr1.9m from FFr2.5bn during the year, and Pathé proposed a net dividend of

Hoechst and Bayer disappoint

Shares in leading German chemical groups Hoechst and Bayer fell sharply yesterday after both companies reported lower-than-expected profits for 1996. Bayer, the first of Germany's "Big Three" chemical companies to announce headline results for last year, dropped 2.9 per cent in late afternoon trading to DM74.85, in spite of news of a 13.5 per cent rise in net profits to a record DM2.6 n (\$1.64bn) and an increase in its dividend from DM1.50 to DM1.70 a share. Both figures were slightly below market forecasts. Pre-tax profits climbed 6.7 per cent to DM4.5 n, on a 9 per cent rise in turnover to DM48.6bn. Full details. of 1996 results are due to be released at the group's

.

- F/A

annual news conference on March 18. Shares in Hoechst, the world's biggest chemicals group, were harder hit, plummeting 5 per cent to DM75.20 after the company registered a sharply weaker than expected 24 per cent rise in net earnings to DM2.5bn, on a 2 per cent decline in turnover to DM50.9bn. Pre-tax profits rose 29 per cent to DM5.3bn. Shares in Hoechst, the world's biggest chemicals group,

between 40 per cent and 50 per cent last year, were also surprised by news that "special factors" had led the Frankfurt-based company to post a pre-tax loss of DM383m in the fourth quarter. The dividend is being raised from DM1.30 to DM1.40. Sarah Althaus, Frankfur

Bank Austria deal approved 🧬

The European Commission yesterday approved the akeover of Creditanstalt, Austria's second-largest bank, by Bank Austria, the country's largest. The approval of the Sch17.2bn (\$1.43bn) deal was widely expected after Bank Austria last week agreed to sell its 56 per cent stake in GiroCredit, the third-largest bank, to First Austrian Savings Bank. Bank Austria will also sell one of its several stakes in construction companies. These moves removed the concerns regarding the impact of the planned merger on competition", the commission said.

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ippe Maystadt, the Belgian finance finance ministry whether the governminister, called for the creation of a big ment would provide any funds to belp the dividend looked much healthier Belgian bank, to compete in the interbanks make the switch to the euro. when its BFr15bn capital increase in property hank owned by Gross income increased 16.5 per cent September was taken into account.

Investors welcome Aker RGI performance

ation increased by 9.3 per cent to

sion of some RFr2bn for further mod-

turn of the century, and changes to

computer date systems to cope with

still waiting to hear from the Belgian

By Hugh Carnegy

the combined group at nearly Fl 1.5bn (\$782m). It Shares in Aker RGI, the recently formed Norwegian the year, industrial investment group, The gro will have some 11,500 staff. Kondor Wessels will contribute primarily bousing operations, which had revejumped almost 5 per cent yesterday as investors nues in the year to last June reacted to an end-of-year statement showing improving performance in key is known mainly for road and railway building, which

Aker RGI's most-traded A

cent since the beginning of

the millennium.

The group was formed last
October through the merger
of Aker, which operated in
offshore engineering, conoffshore engineering, construction and cement, with NKr969m (\$139.8m), chiefly Norwegian entrepreneur.

at NKr188 in Oslo, continu- holdings are in Scancern, the ing a surge which has seen dominant Nordic cement was focused on the rising time, which is '75 per cent the share's value rise 33 per producer, Aker Maritime, the offshore engineering company, Norway Seafoods

RGI, the industrial vehicle of as a result of large ope-off dend of NKr5.00 per share. Mr Kjell Inge Rökke, the gains in 1995. Turnover was np from NKr17bn to 33.3 per cent held by Aker than it paid for the stake

However, more attention NKr1.21bo, while Aker Marivalue of core investments and the financial position of Aker RGI. The group was debt-free at the year-end and had an equity-to-assets ratio

Investors also welcomed Profits rose at Scancem -

controlled, saw profits climb from NKr177m to NKr201m. Profits at Norway Seafoods -62 per cent owned - slumped from NKr278m to NKr12m. Aker RGI said it was nego-

tiating to sell its 50 per cent the announcement of a divi- share in Helly-Hansen, the outdoor-clothes-maker, for NKr400m, NKr275m more

All of these securities having been sold, this announcement appears as a matter of record only.

March 1997



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Wednesday March 12 1997

FINANCIAL TIMES



IN BRIEF

Microsoft rivals launch initiative

international Business Machines, Sun Microsystems, Oracle and Netscape Communications have launched an initiative to enable their software products for corporate computer networks and the Internet to work together more effectively. Analysts see the move as a renewed effort to increase pressure on Microsoft, the sec-

KPN profits up on expansion KPN, the Netherlands' privatised posts and telecome utility, increased net profits 9.1 per cent to Fl 2.46bn (\$1.28bn) last year as expansion abroad negated effects of competitors on its home ground, Page 16

Foreigners hired in Swissair shake-up Swissair, one of the proudest symbols of the Swiss economy, is to hire three non-Swiss executives as part of an overhaul of its manage ment team. By next year half of Swissair's sixman executive team will be non-Swiss. Page 17

Ashton up 58% despite Argyle decline Profits at Ashton Mining, the Australian diamond miner that owns e 40 per cent stake in the Argyle mine in Western Australia, increased 58 per cent after tax to A\$28.1m (US\$20.6m) for 1996. This was despite falling sales from Argyle in the second half of the year. Page 18

HK stock exchange head to join HSBC Mr Paul Chow, former chief executive of the Hong Kong stock exchange, is to join HSBC Asset Management, the fund management arm of HSBC Holdings, as deputy chief executive.

Japanese fund managers to merge Three investment management companies linked to Dai-Ichi Kangyo Bank are to merge later this year, forming one of Japan's three largest investment management groups with about Y2,500bn (\$20.6bn) under management.

Zeneca warns of higher capital costs Zeneca, the UK's third higgest pharmaceuticals company, warned that short-term profits growth would be held back by higher cspital spending and the costs of leunching new drugs. Page 21

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Hipso				Mace			
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Genrad	15	٠	2%	Dai Mio Phriii	860	+	25
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Rises.				Risea	-		
Geographics	5.7	+	9.70	Hemsraj L&D	64.0	+	7.5
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Ventas Engy	26.25	+	1.25	TGJ Motor	113.0	+	10.0
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Corto Utilia	15.0	_	0.7	Apudhya Life	71.0	_	7.0
Motor Drilling	13.25	_	0.6	Renown	78.5	_	f S
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German giant pre-empts competitors ahead of deregulation

Telekom plans VIP contract

OTHE FINANCIAL TIMES LIMITED 1997

Deutsche Telekom, the telecommunications glant. revealed yesterday it bad launched a "VIP" service for high-spending private custom-ers expected to be targeted by new competitors after the German telecoms market is liberalised next year.

The company, which floated last November in Europe's biggest share offering, also confirmed that the dividend this year was expected to double to DM1.2 (71 cents) s share.

Private clients with monthly telephone bills of more than DM500 are being offered a personal contact partner, service

Adidas

profits up

sales hit

record

ast year.

last year.

lic offering in 1995.

DM5.40 to DM6.93.

and Korea.

Mr Michel Perraudin, e

board member, added that the group had benefited from strong brand exposure at the

Atlants Olympic games and the Euro 1996 [football championship!" and the success of its new product range Feet You

He sald the signing last year of a sponsorship and licensing agreement for the 1996 football

World Cup in France - one of

the world's most watched

sports events - and sponsor-

ship agreements such as those

with Kobe Bryant, the US bas-

kethall player with the Los

Angeles Lakers, underlined

North American sales rose

34 per cent to DM1.02hn, with

growth in clothing and run-

ning shoes offsetting weaker-

than-expected sales of basket

ball goods. Growth was stron-

gest in Asia, up 51 per cent at DM464m.

Adidas hit financial difficul-

ties in the early 1990s, largely

egy and a sale to Mr Bernard Tapie, the controversial

However, since Mr Louis-

Dreyfus, a former chief execu

mer politician.

businessman and for-

as a result of a changed strat

sports brand".

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reconnection after line inter-

The aim is to protect Deutsche Telekom's market share against encroachment by new competitors - including some of Germany's higgest power utilities - once the country's public service telecoms market is opened up next January. Deutsche Telekom expects

about 1.8m private clients out of 35m to be covered by the scheme by the end of this year. Meanwhile. the group's shares put on 87 pfennigs to DM34.83 after Mr Ron Sommer. chairman, presented an upbeat preview of the 1996 results. including a rise in after-tax

and product offers, and speedy profits at the parent group excluding results from importent subsidiaries - from DM1.29bn to DM1.6bn (\$939m). Improvements in quality and heavy investment in eastern Germany meant Deutsche Telekom had "substantial growth potential" in its basic telephony business, he said.

> Deutsche Telekom confirmed earlier predictions that 1996 operating profits, due to be reported in detail on May 13, would be more than DM6hn. compared with DM10.2hn in 1995. However, last year's profits were hit by the imposition of value added tax. On e comparable basis, profits would bave heen about DM4hn in

1995. A dividend of 60 pfennig per share is expected for 1996. DM20bn, with Deutsche Telekom's mobile telephone subsidlary alone investing DM1.2hn.

Mr Sommer said DM5.3hn was speot on scouisitions, but the level this year was expected to be "substantially" lower. Year-eod net debt of DM82bn is expected to be cut to about DM65bn in 2000.

In a separate development, Deutsche Telekom is expected this week to extend a partnership with Microsoft of the US which covers the development of multimedia products and access to the internet.



Ron Sommer: gave npbeat

BT investors upset by MCI disclosures

By Nicholas Denton and William Lewis

Britlsb Telecommunications's largest shareholders were furious yesterday at receiving important information about the UK telecoms company a month after it was available in the US.

MCI Communications, the secood largest long-distance US carrier, disclosed information such as BT executives' latest salaries in a February filing to the US Securities and Exchange Commission on the company's proposed merger

But many UK shareholders have learnt of these facts only in the last few days as they have begun to receive BT's circular to shareholders on the \$20bn deal to create an international telecoms giant called

"Nobody was deliberately misinformed or not informed," is not one hint of irritation from institutions, not a hint." However, several important investors are privately critical. One large institution, while accepting the US and UK had different standards of disclosure, said: "Quite why we as UK shareholders have got things so much later is beyond me. BT should have told us."

Any difference in the disclo-

sure of information is important because there is an ective market in "arbitrage" trading of BT and MCI shares, buying one and selling the other for s profit. Shareholders said that they might have traded differently in BT shares if they had been notified about the MCI

On February 10, MCI filed with the SEC a draft containing profit projections for MCI and the new salaries of Sir Jain Vallance and Sir Peter Bonfield, BT's chairman and chief executive. It showed that, if MCl expanded into the US local telecoms market, it expected to show 19.7 per cent annual growth in earnings per share to 2001. MCI also disclosed that a two-thirds majority of Concert's board would be required to terminate Sir lain's contract.

MCI revealed negotiations between BT and MCI broke down temporarily in October said a BT spokesman. "There because of a disagreement over price which was resolved in MCI's favour. The approximate value of the hid was \$35 per MCI share; BT had valued MCI

st no more than \$32. The circular to BT shareholders, giving some of tha information in the MCI filing. has been evailable from the London Stock Exchange since Friday. It is being posted to BT shareholders this week.

Executive shake-up to speed **Thomson** sell-off

By David Buchan in Paris

The French government yesterday announced a management shake-up st the statecontrolled Thomson group to steer the sell-off of its Thomson Multimedia arm and speed up the sale of the Thomn-CSF defence company.

Mr Thierry Breton, the senior managing director at the Bull computer group, will be chairman of Thomson SA, the state holding company, and Multimedia, its fully-owned consumer electronics

Meanwhile, Mr Marcel Roulet, former chairman of the parent, will be responsible for the sale of Thomson-CSF on e full-time basis, taking on the

chairmanship exclusively. The government said it chose Mr Breton to head Multimedia "because of his contri-bution to the turnsround and privatisation of Bull".

Bull's transformation during the past three years from a loss-making public company into a privately controlled going concern in which NEC of Japan and Motorola of the US hold large minority stakes is seen in Paris as a model for the Multimedia privatisation.

Multimedia last week reported a FFr3.3bn (\$578m) loss for 1996, but has been promised a FFr11bn recapitalisation by the state which has vet to be vetted by the European Commission.

The implication of Mr Breton's arrival at Multimedia isthat industrial partners will be encouraged progressively to buy out state control of the consumer electronics group.

Thesa partnars might includa Daewoo of South Korea, which appeared last autumn poised to take Multimedia off the hands of the Lagardère group until the joint Lagardère-Dsewoo bid for Thomson was overturned by the official privatisation commission.

government to split the sale and auction the profitable Thomson-CSF before Multime dia. But the government has insisted it remains open to Dsewoo Electronics, whose head is due to give a joint press conference today with Mr Franck Borotra, the industry minister, on e new plant opening in France



Sponsorship deals such as those with Los Angeles Lakers player Kobe Bryant, above, are helping Adidas fight back son as

Food maker in sokaiya probe

By Jonathan Annells in Tokyo

Two executives of Ajinomoto. Japan's largest seasoning and processed foods manufacturer, were arrested yesterday for allegedly paying et least Y6m

Adidas's commitment "to (\$49,500) to sokaiya gangsters. become the world's leading The arrests come less than a week after Nomura Securities Europe remained the group's ennounced that two of its core market, with turnover rismost senior executives bad ing 33 per cent to s record made "apparently irregular" DM3.1hn, on the back of sharp payments to a property company run by the brother of a gains in the UK, Sweden and known sokaiya.

Sokaiya specialise in extorting money from companies hy threatening to disrupt shareholder meetings. Mr Shunsuke Inamori, Ali-

nomoto presideot, confirmed that Tokyo police had arrested Mr Yukio Noguchi, a director and head of the general affairs department, and Mr Takao Ishlgami, actiog head of department. The two are suspected of paying Y6m to ensure that a shareholder meeting in June 1996 proceeded smoothly.

Mr lnamori said that more senior executives were out tive of Saatchi and Saatchi. the UK advertising group, mvolved. joined Adldas In 1993, the Mr Tsuyoshl Shimlzn, Ajicompany has returned lts nomoto managing director.

extended to other executives

said the company was first focus to technological innovaalerted to the scandal by news It has revamped its product reports and that an io-house range and adopted a more investigation was being aggressive marketing strategy to compete with sportswear market leaders Nike and Ree-The scope of the police investigation is expected to be

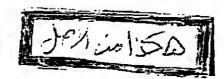
Police sources alleged that tens of millions of yeo were paid annually into Mr Ishigami's bank account to eosble him to pay off the Tokyohased sokaiya. Disruption by sokalya had extended the 1995 meeting to about 80 minutes compared with the usual brisk 20 to 30-minute affairs.

Last year, Ajinomoto, which has diversified into pharmaceuticals, pleaded guilty in the US to coospiring to fix world prices for Lysine, an amino ecid used to stimulate muscle growth in plgs and poultry.

"Any hig company would be minerable [to sokaiya extortiool hut Ajinomoto was easlly targetable because it was involved in questionable dealings, and that the mob bit them in a weak spot doesn't surprise me at all," said bis Patricia Horvath, analyst for UBS Securities.

Ajinomoto joins a long list of oames sullled by their exposed dealings with sokaiya. Last year, four execotives of Takashimaya, the Jap anese department store, pleaded gullty to paying a gangster Y160m for not dis rupting shareholder meetings in 1994 and 1995. The president of Ito Yokado, Japao's second-largest supermarket chain, resigned in 1992 after two executives were charged with paying Y27m to gang-





ASIA-PACIFIC NEWS DIGEST

Ashton up 58% despite decline at Argyle

By Nikki Tait in Sydney

Profits at Asbton Mining, the Australian diamond miner that owns a 40 per cent stake in the Argyle mine in Western Australia, increased 58 per cent after tax to A\$26.1m (US\$20.6m) for 1996, helped by a lower tax charge and an absence of abnormal items. But the company also revealed

that sales from Argyle, which is owned jointly with the UK's RTZ-

Central Selling Organisation, the De Beers.

Ashton said sales from Argyle, the world's biggest producer of slipped to US\$129.6m in the second the first six months.

with the CSO to expire in June, changes. CRA group, fell significantly in the and since then has handled the

mine decided to withdraw from the sales directly from offices in Antwerp. Before the expiration of the diamond marketing cartel run by CSO contract, only about 22 per cent of its output had been sold in to A\$197m.

the world's biggest producer of Ashton said the reduction in strengthening of the Australian rough diamonds in volume terms, sales reflected the change, which currency against the US dollar, involved a move to new offices and half, compared with US\$220.6m in the recruitment of additional staff. sation charges, and the costs of trast, China and other Asian mar-It called the sales result "com-The mine allowed its contract mendable", given the extent of the

second half of the year after the marketing of all its rough diamond profits, Ashton's pre-interest oper 37m carats this year, down from nnes slipping from A\$204.2m diamonds produced.

> The decline was blamed on the increased depreciation and amortiresearch into underground mining at Argyle.

The company expected produc-Despite the increase in after-tax tion from Argyle to be about 36m to A\$1.98.

- to a downturn in the prop-

erty market. There is also

the China question: will the

transfer of sovereignty lead to financial upheaval or sim-ply tilt the business playing

Most bankers are san-

guine. They play down the prospect of significant shifts

in monetary policy across the Pacific, although they

suggest steps might he

needed at home to curb prop-

"arrangements . . . are prog-ressing smoothly and market

indicators show confidence,"

saya Mr Patrick Gillam,

chairman of Standard Char-

tered. "Nobody is seriously

questioning whether China

will turn its back on eco-

nomic reform," a senior

HSBC, however, might

have to contend with

another consideration. As

China-backed companies

have taken stakes in strate-

gic industrial sectors, such

as aviation and power, ana-

lysts believe the UK-based

HSBC executive adds.

As for the transition,

ating profits fell from A\$42m in 42m in 1996, as improved screening 1995 to A\$28.3m, with total revereduces the amount of very small

It said demand from the US jewellery market was "positive", but conceded that Japan remained "subdued" and that Hong Kong had suffered a slowdown. By conkats "continue to show strong growth".

Ashton shares eased 4 cents

Hongkong Bank or reduce

its holding in Hang Seng

Bank. He pointed to the

group's close tias with China, reflected in the recent

award of a licence for for-

On the Chinese side, pres

sures for restructuring are

reduced by the fact that

mainland institutions are already entrenched. "The

Bank of China and its sister

companies are up there with Hongkong Bank in the fight

for deposits," one analyst

The expansion of the Chi-

nese banks alongside other

international institutions

means, of course, that the

market will become more

competitive. But apart from the potential to raise yields,

the local banks have ways to

respond. Thay, too, are

expanding geographically as

China develops its market

and, more immediately, as

regional financial deregu-

There remains much to be

done on efficiency. Banks

have taken steps towards cutting costs, but there is

still scope to reduce cost-to-

too bad," Mr Larkin says.

"But that is partly because

As he puts it, Hong Kong

banks do not appear fat,

because they have grown

tall. As they announce their

results, they are standing

"These ratios don't look

lation edges forward.

income ratios.

dramatically."

eign currency business.

rency's peg to the US dollar there were no plans to float

Nan Ya Plastics profits fall 5%

Nan Ya Plastics, the Taiwanese petrochemical and electronics company, reported a 5.1 per cent fall in pre-tax profits in 1996 to T\$8.4bn (US\$305m), because of weakness in plastics and memory chip prices. Turnover in 1996 fell from T\$91.5bn the year before to T\$88.9bn. Analysts said the result was in line with expectations. Nan Ya Plastics is Taiwan's biggest private industrial concern and a member of the Formosa Plastics group. The board proposed a dividend of T\$2.20 a share, comprising T\$1.10 a share in cash and T\$1.10 in stock. The company set a 1997 pre-tax profit target of T\$9.05bn, up 7.7 per cent from 1996.

and a 1997 sales target of T\$91.92bn.

The company plans to invest T\$5.17bn in expanding yarn production, which will add T\$4.81bn in annual sales when construction is finished in December 1999. The proposals will he presented to shareholders for approval at a meeting on May 20. Nan Ya's expansion may spark consolidation in the industry, with weaker producers pulling out.

Nan Ya's core husiness - polyester fibres, plastics processing, printed circuit boards and copper-clad laminates - is expected to improve this year. But earnings will be held back by continued low prices in the semiconductor industry. The company holds a 60 per cent stake in Nan Ya Technology, a maker of dynamic random

access memory (D-Ram) chips.

Nan Ya plans to issue T\$6bn in corporate bonds to raise long-term funds for operations. The term will be less than seven years and the coupon rate below 7 per cent. No Laura Tyson, Taipe issue date was given.

Rolls-Royce venture lifts Haeco

Hong Kong Aircraft Engineering Company (Haeco), the aircraft overhaul and maintenance arm of the UK-controlled Swire Pacific group, arrested two years of declining profitability by reporting a 49.3 per cent rise in annual net profits to HK\$494.5m (US\$68.9m) in 1996. However, the growth came purely from a one-off payment of HK\$155m from Rolls-Royce, of the UK, following the formation of Hong Kong Aero Engine Services, a joint venture. Stripping out the exceptional items both last year and in 1995, profits dipped 2.5 per cent.

Mr David Turnbull, chairman, said competition in the industry remained strong. He was cautious about prospects, as airlines continued to face revenue yield deterioration and rising costs, constraints which affected aviation service providers. Earnings per share rose 49 per cent to HK\$2.67. Excluding the exceptional item, they dipped 2.6 per cent to HK\$1.83. The final dividend is held Louise Lucas, Hong Kong

Ayala to unite share classes

Ayala Land, the property arm of Ayala Corporation, the diversified Philippine conglomerate, is to declassify its A and B shares and seek a new single listing. At present foreigners can trade only in the B shares, which tend to carry a premium over A shares, which are less liquid. Ayala B shares closed unchanged yesterday at 30.5 pesos.

Analysts said the move was unlikely to result in dilution because no new shares were being offered. It was also unlikely to creats excess liquidity because the Ayala group controls 80 per cent of the 5.8bn shares.

Mr Perfecto Yasay, chairman of the Securities and Exchange Commission, said last week he was set to approve a number of derivatives which aim to get around the restriction on foreigners buying A shares.

HK banks keen to keep the party going

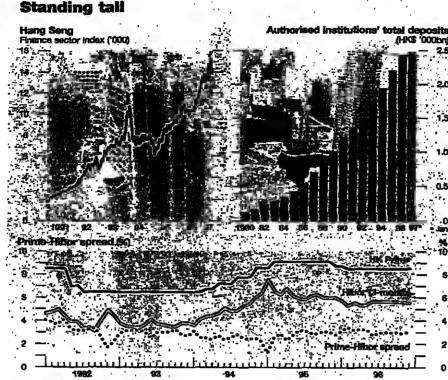
After a healthy results season, they are examining ways to maintain momentum after the handover

ccording to the gloomiest scenarios painted in the 1980s, Hong Kong banks should be struggling to turn a profit funnelling clients funds overseas ahead of July's return to Chinese sovereignty. Instead, the double-digit profit incresses onveiled during the current results season underline that the territory remains one of the world's most lucrative markets.

However, for local hanks and their international counterparts, they also raise questions: whan will tha party end and what can be done to sustain it? Despite warnings from bank executives of increasing competition, present performance suggests momentum can be maintained.

Bank of East Asia opened the current results season with a 15 per cent rise in 1996 net profits, to HK\$1.88bn (US\$243m). The importance of the territory to international banks was emphasised by results from HSBC Holdings, which generated £1.78bn (\$2.85bn), or 39 per cent of total pre-tax profits, in Hong Kong. In the past week, Wing Hang Bank and Dah Sing Financial Holdings have both reported profit increases of more than 20 per cent.

There have been a few black marks, including lower than expected profits from iary of Hongkong Bank, because of a sharp increase



and that asset quality remained high.

What are the forces driving growth? Mr Tony Larkin, banking analyst at Jardine Fleming, points to increased loan volumes on the back of a strengthening economy Hang Seng Bank, the subsid- and improved net interest margins. While competition for mortgage business in provisions. However, Mr reduced rates last year, the Alexander Au, chief execu- spread between prime and Brown, bead of regional economy through the cur-

points, higher than in 1995. Mr David Li, chief execu-Asla, predicted further improvement in 1997, "The Hong Kong economy should stimulate stronger credit demand, especially in retail,

financing," he said. structural shifts. Mr Andrew

property and construction

tive, said this reflected a interbank rates hovered just financial Institutions "very conservative" policy above a healthy 300 basis research at Salomon Brothers, sees the banks' high liquidity and a shift in tive of the Bank of East their asset mix as powerful sources of earnings growth.

Behind cyclical factors lis US interest rates - which

ut, as bankers know,

But, as banaged there are risks to every position. In the case of Hong Kong, these range from a sharp rise in would hit the territory's

bank, the territory's most powerful financial institution, might have to make accommodations.

> "But it is unclear what that might be.

> > By Louise Lucas in Hong Kong

chief executive.

Speculation includes the sale of a stake in Hang Seng Bank or spinning off Hongincomes have been rising kong Bank. "I am sure we will see some kind of restructuring", says Mr Larkin, at Jardine Fleming.

HSBC dismisses speculatioo. Sir William Purves,

Mr Paul Chow, former chief

executive of tha Hong Kong

Stock Exchange, is to join

HSBC Asset Management,

the fund management arm

of HSBC Holdings, as deputy

He will focus on strategic

development in Hong Kong,

China, Taiwan and Korea,

and will also play a pivotal

Exchange head to join HSBC 5 per cent of their salaries to complete legislation on

John Ridding

matched by an employer's contribution. Mr Robert Duggins, chief executivs, Asia-Pacific, at HSBC Asset Management, said Mr Chow would replace him on the HSBC group's steering committee looking at product development in preparation for the MPF, and would advise on regula-

impact of the scheme on

to a pension scheme, the scheme later this year. The introduction of the MPF is eagerly awaited by

to government estimates. is also looking at building its presence in markets such tory issues such as the as China, Taiwan and Korea which are beginning to

additional annual funds of about HK\$30bn-HK\$40bn (US\$3.9bo-\$5.2bn), according **HSBC** Asset Management

the fund management indus-

try, which will benefit from

deregulate. In China, for example,

industry-specific guidelines on opening representative

first time last June. As a result, HSBC Asset Management is looking to open an office in Shanghai. Mr Chow's experience and

stature is seen as beneficial for HSBC Asset Management at a time when the industry is facing greater opportunities bnt also increased competition.

tion to quit the stock exchange last July, and it is understood that other leading fund management houses were competing for

Copies of the Annual Report including Audited Accounts are available for impection and may be obtained at the registered office of the Company and

There are no service contracts in exist

Participating shures are listed on the London Stock Exchange and particul

SECRETARY AND REGISTRAR

from the Agent listed below.

Zeneca: the news

1996 business highlights

- ✓ Another three records broken: sales over £5 billion, export sales over £2 billion and profits over £1 billion.
- Sales of new anti-cancer treatments progress well. Range of hormonal cancer therapies is now the most comprehensive in the industry.
- New anti-asthma therapy in launch phase and new migraine treatment in regulatory phase will strengthen primary care offering.
- First regulatory filings in US and Europe for new schizophrenia treatment.
- Record sales of non-selective herbicides as new facilities are sanctioned for future production.
- Rapid registrations for Agrochemicals' new broad-spectrum fungicide, 'Amistar', because of its good toxicological and environmental profile. Early sales are promising.
- Restructured Specialties' business portfolio delivers a 21% increase in underlying profits.
- ✓ Over £1 billion invested for future growth through a 10% increase in Group research and development spend, increased R & D collaborations and a 34% increase in Group capital investment.

ZENECA

BRINGING IDEAS TO LIFE

The 1996 Annual Report will be mailed to shareholders on 2 April 1997. Non-shareholders may obtain copies by writing to The Secretary, Zeneca Group PLC, 15 Stanhope Gate, London W1Y 6LN or by e-mail request to webmasten@zeneca.co.uk

role in helping the group prepare for the territory's capital markets. launch of a mandatory prov-The planned MPF has suffered setbacks. But the Hong ident fund (MPF), under Kong government is boping which workers will pay

INVITATION FOR EXPRESSIONS OF INTEREST IN PURCHASING THE

ETBA FINANCE

FINANCIAL AND ECONOMIC SERVICES S.A.
(formerly GREEK EXPORTS S.A.)

OR EAPRESSIONS OF INTEREST IN PURCHASING THE SSETS OF "ASPA PLAST HELLAS" COMMERCIAL AND INDUSTRIAL PLASTIC PRODUCTS COMPANY S.A. INDUSTRIAL FLOOR IN THE PROPERTY OF A CONTROL OF THE PROPERTY OF THE PROPERTY

SUMMARY INFORMATION ON THE COMPANY UNDER LIQUIDATION SUMMARY INFORMATION ON THE COMPANY UNDER LAQUIDATION. The above-mentioned company has a factory which produces PVC profiles had plastic frames. It is sinusted in the Lamis industrial zone on a plot 34,000 m² in area. The factory building occupies a surface area of 7,784 m² white the offices extend over 1,338 m². The building housing the factory and offices has been built with predistricated sections of reinforced consents, has been fitted with plastic frames and an industrial floor on the factory. The area surrounding the building is landscaped, with diverways, is walled round and contains a water tank. The assets include the enter mechanical equipment of the lacety, machinery, vehicles and the company name. A detailed description of the above, as well as a description of the machinery and other equipment, are contained in the Offering Memoransham which will be delivered in good time to interested investors.

Other data on the auction for the highest bidd Prospective buyers, on aiguing a written underniking of confidentiality, may obtain the Offering Meanorandum from the offices of the liquidating company within the legal time limits. They may also have access to any other information they may require, and visit

ETBA FINANCE S.A. 1 Emiostheneus St., 4th floor, Atl 7260210 & 7260278, Pax: (3011 7260864,

NOTICE IS HEREBY GIVEN OF THE ANNUAL GENERAL MEETING

to be hold at the effice of Jalius Baer Back and Treat Company List, sure, Grand Cayman, Cayman Islands, on the lat day of April, 1947 at 9,30 s. s.

fit, adopt the accounts presented by the Directors for the year ended 31st Decem-

2 To ratify the acts of Directors. 3. To approve the appointment of Prior Waterhouse as Auditors and authorize the Directors to fix the Auditors'

By order of the Board LIQUIBAER Julius Baer U.S. Dollar Pund Limited, P.O. Box 1100, Grand Cayman, Cayman Islands. A shareholder holding registered share is entitled to attend, vote and appoint one or more proxies to attend and vote

astead of bin. A proxy need not be a descendent of the company. areholder holding bearer shares is led to attend and vote. Exercise of

these rights in respect of boarer shares will be recognized only on presentation at the Meeting of the bearer certificate

Julius Baer Bank and Trust Comp. Ltd. Kirk House, P.O. Box 1100 Bank Julius Baer & Co. Ltd. Bevis Marks House, Bevis Marks



U.S. \$250,000,000

Westpac Banking Corporation Floating Rate Notes due 1997

given that for the Interest Period from March 12, 1997 to June 12, 1997 the Notes will carry an interest Rate of 5.9125% per annum. The interest payable on the relevant interest payment date, June 12, 1997 will be U.S. \$15.11 per U.S. \$1,000 Note, U.S. \$151.10 per U.S. \$10,000 Note, U.S. \$1,510.97 per U.S. \$10,000 Note.

By: The Chase Manhattan Bank

March 12, 1997

CHASE

APPOINTMENTS **ADVERTISING**

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For further information please contact: Toby Finden-Crofts +44 0171 873 3456

every Friday.

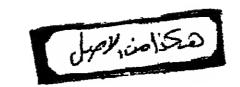
Zambia Copper Investments Limited The interim report of the above company for the half-year ended 31 December 1996 will

The Royal Bank of Scotland Pl P O Box 82 Caxton House Redcliffe Way Bristol BS89 7NH

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COMPANIES AND FINANCE: EUROPE

Digital dilemma for German TV groups

A compromise solution needs to be reached if substantial investment is to generate returns

n paper, a deal to end the wrangles besetting the develcoment of digital pay-TV in Germany looks easy. Three key players - DF-1, Premiere, and Deutsche Telekom all hold valuable cards, but not enough to work alone

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Physical Land

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Premiere; the analogue enhantion channel owned by CLT-Ufa, Canal Plus and Kirch, has more than 1.4m subscribers and attractive sports programming rights. but few movie rights in the medium term.

These are held by DF-1. the digital service owned by Kirch Group - but this has less than 30,000 subscribers. Dentsche Telekom, the partially-privatised telecoms company, has neither programming rights nor subscribers, but it owns most of the cabla distribution network, which is in the process of being digitalised.

Combining the three in some way would seem a logical way to put an end to months of sparring and start generating some returns on substantial investments. The companies have been in constant talks, but have so far failed to reach a compro-

The problem, according to day. Mr Bernd Kundrun, manag-ing director of Premiere, is that "all players feel they are in a position to control the change and install themselves in the gate-keeper one hand, as those deals are role. I think no-one is in that . not yet exclusive. CSFB esti-

But last week's announce- of US movies would be ment by BSkyB, the UK sate- exclusive to DF-1 in 1998, ris-

Deutsche Telekom expects to reach an

AFX News reports from Hanover. in a few months, by Christmas at the latest." He confirmed that Deutsche Telekom was in talks with Kirch Group, among other content providers, about using its digital channel capacity. "There's something in mer was speaking after Deutsche Telekom tion between the two companies would be announced its 1996 results.

stake in DF-1 may have

potential bonus to Kirch, as

way behind its forecasts,

Kirch is shouldering consid-

erable costs. In a recent

report, Credit Spisse First

Boston estimated that DF-1

was costing Kirch DMlm a

DF-1's trump cards of out-

lywood studios - Disney,

Warner, Paramount and Uni-

versal - cannot be played in

mates that some 30 per cent

Mr Sommer pointed out that of the 16.7m agreement with a digital television content cable connections installed by Deutsche provider before the end of this year, chair- Telekom in Germany, it serviced only 6m, man Mr Ron Sommer (right) said yesterday, with the rest maintained by 6,000 companies of varying sizes. "We're competing Mr Sommer said: "I think we'll be able to against these as well as against 9m satellite finish negotiations with content providers and 11m land TV connections maintained by other companies," Mr Sommer said. He stressed, however, that Deutsche Tele-

a content provider. Mr Sommer declined to comment on common between Kirch and us, namely, we reports that Deutsche Telekom and Bertelsboth have invested a lot in digitalisation of television broadcasting - [Kirch] into the content side and we the service." Mr Somthat an announcement of further co-operations of the content side and we the service. The content is the content of the co-operation of the content is the content of the co-operation of the co-operation of the content of the co-operation that an announcement of further co-opera-

kom had "no plans whatsoever" to become

ing shouldered the start-up

would not take a 49 per cent 80 per cent thereafter. By then DF-1 would be in s at Premiere, it seems given an impetus to the a powerful position, but few negotiations. BSkyB was a believe Kirch would be preunlikely that the French group would be prepared to leave quietly just as the netpared to bear the costs of it could have shared DF-1's waiting until 1999, especially start-up costs, estimated at as the deals struck with Holprofits. lywood are believed to carry The departure of BSkyB guarantees for subscriber has put added pressure on numbers. If these are not DF-1. With the numbers of met, then DF-1 must pay out

made by Friday.

paying subscrihers trailing the difference. But while Kirch has lost a partner to share the burden of its commitments, BSkyB was an obstacle to a deal between DF-1 and Premiere. The German cartel office had said it would recommend blocking, on competiput deals with four big Hol- tion grounds, of a deal which brought CLT-Ufa, Kirch, Canal Plus and BSkyB

together. Speculation that a solution could be found with Canal Plus, which is apparently willing to leave the German Premiere and DF-1 are which are capable of permarket, has vet to translate

llite hroadcaster, that it ing to 70 per cent in 1999 and into anything tangible. Hav- Kundrun says pay-TV companies are always sensitive about these activities, as the value of their operations are measured in terms of subscriber numbers. Telekom, however, is keen

> experience of billing and ith BSkyB now gone, the way to a dsal is now managing cable-TV subscriptions. In January Mr Ron Somclsarer. "It's in no-one's mer, Telekom chairman, said interests to see business dishis company was not interappear," says Mr Rohert ested in simply being the Montgomsry, of Kagan provider of the highway on

> might happen is unsure. Premiere and DF-1 could Mr Kundrun last week drive into half of Germany's said he doubted any deal 33m households. Premiere and DF-1 also would be reached in the next fear that Telekom may actutwo months, but other industry observers think it could ally deliver on hints made in

> the past that it will also market a decoder. Unlike the sophisticated scriber management d-box used by DF-1 and

to expand on its existing

which nstworks such as

opsrations, which both Premiere's Mediabox unwilling to surrender. Mr forming a variety of multi-

media functions such as telephony, e-mail and Internet access - analysts believe Telekom will market a simple, cheap "dumb box" dedi-

This could undercut the plans of DF-1 and Premiere to stick to their respective decoder boxes.

digital TV.

cated solely to delivering

Mr Kundrun says that for digital pay-TV to succeed, it will have to succeed in the mass market. But he says, a decoder costing around DM800, as DF-1's d-box does.

Renting or leasing decoders - an option DF-1 is believed to be considering would seem to be the logical step. But even then it could cost twice as much as existing rental schemes for analogue decoders.

> Frederick Stüdemann

EUROPEAN NEWS DIGEST

Bank Leumi in deal with Generali

Bank Leumi, Israel's second largest bank, yesterday said it had finalised a deal which paved the way for Generali, the Italian insurance group, to purchase a controlling stake in Leumi Insurance Holdings-Migdal, a leading Israeli insurance group.

The move follows attempts by Israeli MPs to block the takeover until Generali agreed to open its files of insurance policies belonging to Jews killed in the Holocaust, and commit itself to compensating the families. Last week Generali said it would allow access by an independent organisation to its warehouse in Trieste which houses these policies, but it denied legal liability to families of policyholders.

According to the hank. Generali will place a hid "within days" to purchase 42 per cent of the 73 per ceot of LIH shares owned by the bank and other shareholders. Generali currently holds a 27 per cent stake in the company. LIH is valued at about \$1bn for the deal.

Avi Mochlis, Jerusalen

Bezeq approves payout

Bezeq, Israel's state-owned telecoms network, yesterday approved an interim dividend of Shk120m (\$35.72m), or 40 per cent of its net profits for the first six months of 1996. More than Shk91m will be paid to the government, which holds a 76 per cent stake in the company. The move paves the way for the imminent release of Bezeq's 1996 results. They had been delayed by a disagreement between Bezeq and the government over the size of a boous to

Cable & Wireless, the UK telecoms group which holds 10 per cent of Bezeg, will receive Shk11.84m, with the remainder distributed among the other shareholders. Bezeq is obliged to pay an annual dividend amounting to 55 per cent of net profits. Judy Dempsey, Jerusalem

KME advances 19%

Restructuring has helped KME, the world's largest copper processing company, lift 1996 net profits by 19 per cent to DM119m (\$69.86m) in spite of a slip in turnover from DM3.9bn to DM3.8bn. Mr Norbert Brodersen, board spokesman, said yesterday cost-cutting across European Mark Mulligor operations had offset weak markets.

Goldman Sachs 'top adviser'

By John Gapper, **Banking Editor**

Goldman Sachs, the US adviser to European companies on acquisitions in the placed the BT advisers at the US last year, according to a top of the tables. survey by Acquisitions . Monthly magazine.

ber of deals stayed stable at by German companies. 337 against 356 in 1995 . UK companies, which have

traditionally been leading acquirers of US companies, tended to choose UK-owned advisers such as NatWest Markets and Schroders, although Goldman Sachs was also top adviser to UK

Continental European companies preferred US advisers. Apart from Goldman Sachs, other US investment banks, such as Morgan Stanlsy and Salomon Brothers, gained strong positions in advising continental European companies Credit Suisse First Boston, the Swiss firm, also did well. The tables did not include

the \$20bn acquisition of MCI Communications by British Telecommunications, on which BT was advised by investment bank, was top N.M. Rothschild and Morgan Stanley. This would have

UK companies continued to account for more than The survey found that half of acquisitions by Euro-European purchases of US pean companies. UK compacompanies doubled in value nies bought 148 US compafrom \$33bn in 1995 to \$67.5bn nies, worth \$38.9bn, last year, although the num- compared with \$9.9bn spent

few deals for each adviser, with Goldman Sachs acting on just nine deals, the rankings are volatile. However, they show the strides made by US banks in penetrating

continental Europe. They also disclose a relatively weak performance by French and German advisers. Lazard, the partly French-owned firm, and Dresdner Kleinwort Benson, the German-owned bank, achieved a top 15 showing.

The biggest deals of the year included Fresenius of Germany huying National Medical Care, and Munich Re of Germany buying

US chief executive for Swissair

By William Hall in Zurich

Swissair, ons of ths proudest symbols of the Swiss economy, has hired an American chief executive.

Mr Jeffrey Katz, 41, a senior executive with American Airlines, is joining Swissair as chief operating officer and will take over as chief executive from the start of next year.

. Mr Katz, who has worked for American Airlines for 17 years, is one of three new hired as part of an overhaul of Swissair's senior manage

and Mr Lee Shave, 39, another British Airways executive, as vice-president of sales and customer relations. By next year, half of Swissair's six-man executive



World Media. But when this

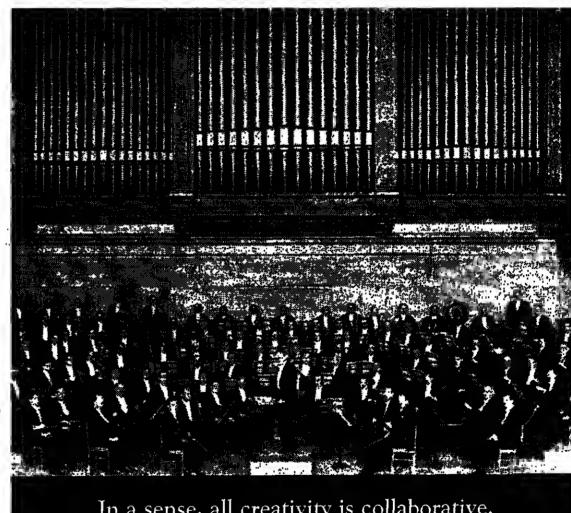
One important stumbling

block is the billing and sub-

be sooner than that

Mr Ray Lyons joins from British Airways as vice-presdent, network management

The appointments are a clear sign that Mr Philippe Bruggiser, 48, who took over at the start of the year as chief executive of SAir Group, Swissair's parent, is determined to sort out the problems of the airline.



In a sense, all creativity is collaborative.

INTEGRATED FINANCINGS Hicks, Muse, Tare & Furst

Chancellor Broadcasting Company \$800,000,000 enter Secured Credit Facilitie

ngeable Preferred Stock E Bankers Trust

In the presence of a close, collaborative relationship, substantial value can be added. Hicks, Muse, Tate & Furst sported and quantified the opportunity: multiple radio station ownership in an attractive operating climate resulting from deregulation. Working with Hicks, Muse, Tate & Furst through several iterations of growth, we structured a series of unique, integrated financings that combined bank debt, high-yield subordinated debt and preferred stock and, ultimately, an IPO. Throughout this process, over a two-year

period, Bankers Trust raised more than \$800 million of capital in the leveraged finance market. The result is Chancellor Broadcasting Company, today the third largest pure-play radio station group in the United States. For Chancellor Broadcasting Company, Bankers Trust's flexible and integrated financing solutions added incremental value at every step and helped our client assemble a blue chip portfolio of radio stations across the United States. To discuss how we might work together with you to design an equally innovative solution to your financial services needs, please contact us.

▲ Bankers Trust

Teles AG

US\$38,102,000

5.0% Discount Convertible Bonds due 2002/2003/2004 and Common Shares

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Co-Lead Investors

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3i Group plc

Deutsche Morgan Grenfell

Collateralized Floating Rate Bonds due 2008 (the "Bonds") NOTICE IS HEREBY GIVEN that, in accordance with Condition 4 of the Terms and Conditions of the Bonds, all of the outstanding Bonds will be redeemed by the Issuer at their principal amount on March 27, 1997 (the "Redemption Date") plus accrued interest to (but excluding) the Redemption Date. Payment will be made on the Redemption Date to Bondbolders of record 15 days prior to the Redemption Date by a US dollar cheek drawn on or by transfer to a US dollar account maintained by the payee with a hank in New York City upon presentation and surrender of the Bonds at the offices of the Paying Agents listed below. Interest on the Bonds have been surrendered for payment.

FISCAL AGENT AND REGISTRAR Morgan Guaranty Trust Company of New York 60 Victoria Embankment London EC4Y 0JP

PAYING AND TRANSFER AGENTS

Morgan Guaranty Trust Company ne des Arts. 35 First Trust of New York, 20th Floor - Bond Drop Window

100 Wall Street

New York, N. Y. 10005

60313 Frankfurt

69 Route d'Esch First Trust National P.O. Box 64111 Minnesota 55164-0111 U.S.A. (by mail)

Morgan Guaranty Trust Company

14 Place Vendôm

75001 Paris

U.S.A. (by hand) First Trust National Association 3rd Floor - Bond Drop Window 180 East Fifth Street U.S.A. (by overnight mail)

PAYING AGENTS Morgan Guaranty Trust Company of New York orsenstrus

> Morgan Guaranty Trust Company of New York Akasaka Park Building 2-20 Akasaka Building 5-el

Tokyo, Japan United Mexican States By: Morgan Guaranty Trust Company of New York as Fiscal Agent

Dated: February 26, 1997

This notice is issued in compliance with the requirements of London Stock Exchange Limited (the "London Stock Exchange") and appears as a matter of record only. It does not constitute an invitation to the public to subscribe for, or purchase, any securities of Beijing Datang Power Generation Company Limited. Application has been made to the London Stock Exchange for all of the H Shares with a nominal value of RMB 1.00 each ("H Shares") to be issued pursuant to the Placing and New Issue to be admitted to the Official List. It is expected that dealings in the H Shares will commence at 9.30 a.m. on Friday, ZI March 1997.



Beijing Datang Power Generation Company Limited

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

Placing and New Issue of 1,244,060,000 H Shares of par value RMB 1.00 each of which 124,406,000 H Shares, subject to adjustment, are being offered in Hong Kong at HK\$2.52 per H Share payable in full on application subject to refund

Listing on the London Stock Exchange

Kleinwort Benson Limited

The principal business of Beijing Datang Power Generation Company Limited is to own, manage, operate and develop electric power generating plants in the region served by the North China Power Group electricity network

Listing particulars relating to Beijing Datang Power Generation Company Limited prepared in accordance with the fisting rules made under Section 142 of the Financial Services Act 1986 have been published and copies may be obtained during usual business hours up to and including 13 March 1997, for collection only, from the Company Announcements Office, London Stock Exchange Tower, Capel Court entrance, off Bartholomew Lane, London EC2N 1HP and during usual business hours up to and including 25 March 1997 from the legal advisers to the company, Simmons & Simmons, 21 Wilson Street, London ECZM 2TO and from the sponsors to the Company, Kleinwort Berson Limited, 20 Fenchurch Street, London EC3P 3DB.

Wednesday, 12 March 1997



GLYOMARC'H NUTRITION ANIMALE

1996 Results up 13.5%

The Board of Directors met on March 7 under the chairmanship of Mr Alain Decrop in order to close the FY 1996 accounts. These will be submitted for approval in the annual shareholders' meeting on

RESULTS

Consolidated Income Statement

in FFr million	1995	1996	%
Sales	3 896	4 437	+13.9
Gross margin	903.7	1 026.8	+13.6
Operating income	119.9	122.6	+2.3
Net current income before goodwill	60.1	62.0	+3.2
Extraordinary income	0	7.6	NS
Group share of net income	56.4	64.0	+13.5
Cash flow	112	127	+13,4

Volume of activities was brisk both in France and for international markets, with 7.2% growth for feed and 9.1% for premix.

Increased sales figures are the result of the consolidation of acquisitions made during the fiscal year and the Group's good performance as well as passing on the increase in the price of raw materials. The Group thus confirmed its capacity to grow and to remain profitable despite the unfavorable business environment in the first half of the year.

DIVIDENDS AND OUTLOOK

The Board of Directors will recommend a net dividend of FFr 6.30 per share, representing gross earnings of FFr 9.45 per share including tax credit.

In 1997, the Group will continue to pursue its strategy as France's market leader while developing international activities, mostly through commercializing its know-how

Income should once again increase in the current operating year.

CITICORPO US\$200,000,000

FICARING RATES NOTES DUE SEPTEMBER 2002

Natice is hareby given that the Rate of interest too been fused at 5.7 1.25% and that the interest populate on the relevant interest Poynant Date Line 12, 1997 against Caupan No., 5 will be US\$14.5 99 in respect of US\$10,000 notational of the notes and US\$1,459.86 in respect of US\$10,000 nominal of the notes.

Merch 12, 1997 by, Calbords, N.A. (Casponde Agency & Trust, Agent Bork, CITIBANCO

Appear is the Phancial Times on Tuesdays, Fridays and

BUSINESSES FOR SALE

said std.
Credition whose clauses are already are not resulted to alleady as the represented at the meeting. Other profiles are rate of the specified to said of the specified to said of the said of handwarp Balon 1986 and in the Adaban hardware Section September which the resilient seconds in the Adaban hardware Section September which the resilient seconds in the under the behalf

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COMPANIES AND FINANCE: THE AMERICAS

KKR venture plans to reduce debt

By Richard Waters in New York

K-III Communications, the first of a generation of 80-CElled "leversged build-up" companies in the US. yesterday disclosed nlans to slim down its operations to cut its \$2bn of

The company was created in 1989 by Kohlberg Kravis Roberts as a vehicle for assembling a stable of magazines and other publishing

the venture.

The example has since been followed by other buy-out firms, and has become a model for building a new business through piecemeal acquisitions. Yesterday's move

appeared to reflect an attempt to bring back momentum to the company's stock price. The shares have sagged

and rebounded since KKR

firm hired a team of manag- 1995, leaving them little ers from Macmillan to run changed since their debut. The company said it and sell some of its non-core

businesses. Overall, this was meant to reduce the company's \$2bn of debt and preferred stock by between on fifth and one-quarter, indi-cated Mr William Reilly, chairman

K-III has lined up four businesses for sale which together accounted for 19 per cent of its \$1.38bn of reventerests.

sold a stake in the company nues last year and around the New York buy-out through a public offering in per cent of its profits. nues last year and around 10

Racing Form, both of which were bought from Mr Rupert Murdoch in 1992 when News Corp was struggling to fend off a financial crisis.

K-III also revealed plans to yesterday's share prica would raise aboot \$150m. Its shares fell \$% after the news, to trade at \$124. That compares with an issue price of \$12 a share when the company was floated in late 1995. Despite the disposals and debt-reduction, Mr Reilly

The disposals include New said the company planned to Woman Magazine and Daily continue to grow rapidly and continue to grow rapidly and

make acquisitions. K-III said the sales would leave it with a group of more specialised interests, and take it out of areas where it does not have a large market

However, along with educational and trade publicaries, it would still have a presence in consumer magazine publishing through titles such as Seventeeen. Soap Opera Digest and

Creditors

liquidation

Creditors of Grupo Sidek.

the Mexican tourism and

real estate group which defaulted on \$2.2bn of debt

in 1995, have begun discus-

sions to achieve the orderly

liquidation of the company,

investment bankers close to

the negotiations said yester-

Sidek's creditors, which

include 17 Mexican commer-

cial banks, a handful of for-

eign banks and about 200 holders of unsecured debt,

are trying to reach an agreement which would avoid

Mexico's complicated bank-

There is little time to

spare. Following Sidek's

reported 2.430n peso (\$305m) loss in 1996, the group's liabilities became

greater than its assets, and

under Mexican law, any

creditor is now entitled to

initiate bankruptcy proceed-

*Any frustrated creditor

could bring the company

down," said one tuvestment

banker who is trying to bro-

ker a consensual accord

hetween Sidek and its credi-

tors. The problem is that Sidek has hundreds of sub-

sidiaries, and Mexican cor-

porate law requires separate

bankruptcy filings for each

sabsidiary. Mexican law

cannot deal with consoli-

dated bankruptcy proceed-

ings, so Sidek's assets could

be tied up in court for up to

10 years in hundreds of indi-

creditors to agree among

themselves on a share-out

formula that would minim-

ise their losses by liquidat-

vidual lawsuits.

ings against the group.

ruptcy proceedings.

in Sidek

talks

By Leslie Crawford in Mexico City

Abril places its soul in family hands

ment banker to name the large famforced to go public and one company will top most lists Grupo Abril, Brazil's largest magazine publisher which is now expanding into

pay television.
"Not while I'm around," is the response of Mr Robert Civita, Abril's 60-year-old owner and chairman, Yet although Italian-born Mr Civita may sound emphatic, be is acutely aware of the pressures facing his group and the difficulty of maintaining Abril in family hands.

Mr Civita's dilemma is that his company is in an industry which offers huge growth potential, but which will require substantial investment over the next decade to keep up with the competition.

Brazil boasts one of the most exciting markets for pay-TV. On average Brazilians watch one hour more of television a day than Americans, Stabilisation of the economy has given millions the ability to buy a television for the first time.

Yet so far the penetration rate for pay-TV in Brazil is a meagre 5 per cent compared with 55 per cent in neighbouring Argentina, according to Mr Moyses Pluciennik, chief executive of NET Brasil, one of Brazil's largest cable TV companies.

cent of the fast-growing with sales in 1996 of 199m cable-TV market, with copies, double the figure for around 1.3m subscribers. And last May TVA launched reached \$1.5bm last year. DirecTV, Brazil's first direct-

sk a Brazilian invest- poration-led consortium for satellite-TV in Latin America. It also owns NET Brasil. ily groups which will be which recently announced a \$150m investment in digital set-top boxes, adding 250 channels to its cable service.

Abril has already had to

seek outside resources to belo finance its expansion into television. Chase Manhattan bank and Walt Disney, the US entertainment group, are minority shareholders of TVA, and in satellite-TV Abril is part of the Galaxy Latin America consortium, led by Hughes Electronics. (Abril has a 10 per cent stake in GLA but owns 75 per cent of the Brazilian operating subsidiary.) At present Abril's stake in

TVA is 56 per cent. Mr Civita says he would be very reluctant to let that drop below 50 per cent and says that TVA's Robert Civita: 'We are trying to provide things Brazil needs' investment programme -\$200m in 1997 - can be largely financed from bond issues. "The existing shareholders shouldn't have to put in additional capital for

the time-being," he says. However, if TVA does need a capital injection. Abril's ability to participate will largely depend on the cash generated by the business that Mr Civita's father. Victor, founded in 1960 - publishing magazines.

Nine out of the 10 top-sell ing magazines in Brazil are Abril publications. These include Veja, the fourth-best selling news weekly in the Abril is in pole position to world, Caras, the country's take advantage of this poten- Hello!, and the Brazilian edition of Playboy. The busi aidiary. TVA, has 30-40 per ness is currently booming, 1993. Total group revenues

Part of Mr Civita's relucto-home satellite-TV service. tance to consider flotation television network, but it In both markets its main stems from the restrictions competitor is Globo, the this would place on the way other family group that dom- he runs the company. He him down. inates Brazilian media. claims to relish the freedom Globo is part of a News Cor- to start up magazines which tic, though, about the fami-



number of years. "I hate quarterly earnings," he says. "It's a ridiculous system and l just don't think that I want to put up with it."

Mr Civita also fears the effect of going public on the editorial independence of the company's magazines. "We are not just here to make money. We are also trying to provide things that Brazil needs," he says.

series of articles published in Veja in 1991 about corrup- of a public company. His tion in the government of children will attend meet-President Fernando Collor ings, but will not vote. "My that eventually led to his hope is to keep the soul of impeachment

Mr Collor's election campaign in 1989 had been considerably boosted by favourable coverage on the Globo was Abril, taking a huge business risk, that brought

Mr Civita is highly realis-

might not make money for a ly's ability to keep control of the company. Although two of his three children now work for Abril, he says they have never been groomed as potential succe

> And he is not blind to the benefits of flotation, As well as the ability to raise capital. be notes that it would give his heirs some flexibility over what they do with their inheritance and it would help encourage employees.

Moreover, earlier this But Mr Civita has the record to back up his strong advisory board, fine words. It was a which some observers see as the precursor for the board the company in family hands." he says.

Geoff Dyer This is the sixth in a series on Latin American familyrun companies. Previous articles appeared on January 17, January 27, February 13,

ing Sidek's assets in an orderly fashion." February 18 and February

Sidek became the first Mexican company to default in the wake of Mexico's abrupt devaluation of the peso in December 1994. It stopped servicing its \$2.2bn debt, including \$700m held by foreigners, in February Before the devaluation,

the company had become heavily indebted in dollars to finance hotel and property developments. A severe recession and collapse in property prices, however, made most of Sidek's investments unprofitable. In addition, Sidek uncovered several "irregularities" by the group's former management which led to a \$400m charge against earnings in 1996.

A restructuring plan proposed last year, which would have sold about \$1bn preferential treatment.

CANTV hit by row over rate rise the [ministry] in a serious ernment to respect a conces-and responsible fashion," Mr sion contract signed in 1991, By Raymond Colitt The government agreed

in Caracus

Only weeks after CANTV announced record profits for last year, the Venezuelan telecoms company has been caught up in a row over future rate increases, push-

ing down its share price and raising investor concerns about the government's respect for contractual The government withdrew its initial approvel for CANTY to increase its rates by 4.18 per cent from April 1 and requested more cost information from the com-

pany. "No rate increases are planned for the next quarter

until CANTV sits down with

PERSONAL

LEGAL NOTICES

PROUTESTACT 1986 IN INDUSTRIES LIMITED

POLYFLOW (DEVELOPMENTS)

(IN ADMITTED

(IN ADMITTED THE SECUNDATION)

**Columb to **PARTY CON'N personal to fordism the of obimpoleration Act 1996, that all secretary of the union wind.

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Concern & Internal, Order Movaer, 35 Sharey Sirrey,

Aschaughten **Party Tod of 18 House 1997 at 11 Share

for the purposes mentalment on Section 48 and 47 of to
selected.

Moises Orozco, transport and communications minister, said last week.

Friday, were trading at 1,925 bolivars early yesterday, the country's wholesale "The debate over the rate increase took everyone by surprise and has caused pervousness among CANTV shareholders," said Mr Ricardo Sucre, a trader with the local brokerage Martariff adjustment mecha-invest Mr Sucre added that nism," said Mr Alvaro threats of a strike by CANTV employees over wage increases, scheduled to begin today, bave further depressed the share price.

CANTV called on the gov-

when a consortium led by GTE, of the US, acquired a 40 per cent stake in CANTV CANTV shares, which from the government. The atood at 2,020 bolivars on contract provides for pericontract provides for peri-odic rate increases linked to price index.

CANTY said it recognised the government's right to request cost information but "such information is not and Benavides, vice-president for public affairs. He added that provide will only demonstrate the existence of subsidies to local service".

last September to a rate rebalancing intended to eliminate cross-subsidies from long-distance to local calling. Currently, the monthly basic rate is between \$3.28 and \$8.48 for residential service and \$18 for commercial service.

The agreement came before CANTV placed some \$1bn in shares on domestic and international markets as has never been part of the part of an initial public offering last November. "If this tariff increase is not approved investors would feel chested. It would send "the cost information we an extremely worrisome signal," said Mr José Corral, chief analyst with Santander Investment in Caracas.

of Sidek's assets to repay creditors, leaving a much smaller company out of the holding company Sidek and its property developer Situr, was rejected by foreign cred-itors, who believed Mexican banks were being given

PUBLIC SPEAKING Training and speech writing by award wavning speaker.
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PORTMAN tem-posted in Segland under the Building Samesa Air (1984)

£150,000,000 Floating Rate Notes due 1999

in securdance with the Terms and Conditions of the Notes, notice is irreby given that for the three months from 10th March 1997 to sterest at 6.33% per annium. The interest amount payable pe £10,000 Note will be £159.55 and per £100,000 Note will be £1,595.51 on 10th june 1997.

ACENT BANK EARCLATS BANKFUC BUS OFFORTORY SERVICES EARGE COURT THROCHORTON STREET LUNDON ECRIFIT BARCLAYS

P.T. PABRIK KERTAS TJfWI KIMIA (the "lesuer")
U.S.\$75,000,000 7.25 per cent. Convertible Bonds due 2001 (the "Bonds")
ISIN No. X80031118686 COMMON CODE 31115636

NOTICE IS HEREBY GIVEN THAT the Issuer has elected, pursuant to Condition 7(C) of the Bosids, to redeem on April 16, 1997 (the "Redemption Date") all of the outstanding Bonds issued by the Issuer on April 12, 1991 at a redemption price, which will be due and psychole on the Redemption Date, equal to 102.417% of the principal amount of the Bonds to be redeemed and all interest accrued to, but not including, the Redemption Date. On and after the Redemption Date, interest on the Bonds will cease to accrue. On March 10, 1997, the aggregate principal amount of the Bonds outstanding was US\$75,000,000. Pursuant to Conditions 7(c) and 17 of the Bonds, the Issuer hereby notifies the holders of the outstanding Bonds that (i) the Conversion Price on the date of this notice is indonesian Ruptein 2,257 per Share (as such terms are defined in and determined under condition 6 of the Bonds) and(ii) the Closing Price (as defined in and determined under Condition 7 of the Bonds) for the Shares on March 10, 1997 was indonesian

Rupish 2,729 per share.

Bonds, together with all bearsr interest coupons relating to the Bonds ("Coupons") and maturing subsequent to the Redemption Dete attached thereto, should be presented and surrendered at an office of the Paying Agent specified below on or prior to the Redemption Dete present to Condition 8(D) of the Bonds, if all Coupons maturing subsequent to the Redemption Date are not presented end surrendered at an office of the Paying Agent specified below on or prior to the Redemption Date, the actionist of such missing Coupons will be deducted from the principal sum due for payment and will be paid against surrender of the relevant missing Coupons not leter than ten years from the Relevant Date (as defined in Condition 6 of the Reputa).

The Bonds and the Coupons will become void unless precented for payment within ten years and a years, respectively, from the appropriate Relevant Date.

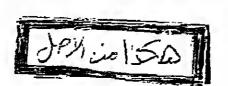
March 12, 1997, London By: Clibenk, N.A. Pricinpal Paying Agent

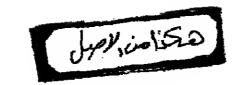
CITIBANO

Cabank N.A. Chibank, N.A., (London Branch) 336 Strand

Offices of the Paying Agent Citibenk, N.A. Boulevard General Jacques 263g 56 Br

· L-1880 Lizeambourg





Profit cycle turns down at Chinese groups



Wheel power: production of bicycles has risen with the proliferation of manufacturers, but China's growing affluence has meant this traditional transport is losing favour

cle is the best known nearly 100m bicycles since he Communists took over which has earned a discovery which has earned

op trademarks in China*. However, this year it will nake only a fraction of its rofits - if there are any rom producing bicycles. 'hina's bicycle market is in ong-term decline and leavily oversupplied, and he coontry's most famous icycla manufacturer is

howing the strain. .. : Forever Bicycle is expecear of losses for 1996, ales to approximately quickly. 'n994m (US\$121.2m) from 'n872m in 1995, when it 95 bicycle manufacturers.

hanghai Forever Ricy- Exchange and the forecasts are for the accounts audited name in the largest to international standards. ricycle market in the world. rather than the figures given The company bas built under Chinese accounting

Shanghai Phoenix, China's hina in 1949, an output largest producer of bicycles, has been showing similar problems. Profits have been falling steadily, from Yn134.7m in 1993 to Yn3l.1m in 1995.

> The company insists it will continue to show some profits when it reports full-year results for 1996, but declines to give figures.

Mr Tao Guoqiang, president of Forever Bicycle, explains that the main problem has been oversupply: "In ed to announce another the last five years, the production capacity in China espite a forecast rise in has developed much too "In 1995, there were about

eported pre-tax losses of Today there are more than

production capacity is 60m-70m units, with actual production of 40m units and domestic demand of 30m units, according to government figures.

The strongest challenge to Forever and Phoenix has come from foreign joint ventures, particularly those involving Taiwanese manufacturers.

China Giant, a Sino-Taiwan joint venture, opened in Kunshan near Shanghai in 1994 and now has annual production of more than 750,000 bicycles.

Thanks in part to an aggressive advertising campaign, Giant has already huilt a strong reputation among young people in China as a manufacturer of high-quality cycles, particularly mountain bikes. "Taiwan has been the big-

gest competitor to the Chinese industry, because their bicycle technology is com-· China's annual bicycle paratively advanced and

nections in China," Mr Tao

He says 75 per cent of Forever's 1997 revenue is likely to come from sales of its traditional bicycles, but more than 70 per cent of its profits will come from the company's growing other interests - property, mopeds, electricpowered bicycles and exer-

he shifting emphasis reflects the decline in Chinesa demand for bicycles. Analysts calculate that consumption has been falling by about 10 per cent a year over the past three trains and subways have of which it aims to sell 000 become more efficient and as China's affluent urban clas-

inclined to take a taxi than expend the physical effort of riding a bike. The obvious avenue for expanding production to

ses have become more

because they have good con- Phoenix and Forever to 100,000 electric bicycles go down was mopeds, for reasons best summed up in the Chinese press by Mr Xu Peixing, Shanghai's traffic police chief: "Owning a car is still a dream, taking a taxi is too expensive, motorcycles

> are too dangerous, cycling takes too much energy and huses take too long." However, the moped boom was short-lived as pollution problems and accidents prompted Shanghai to ban new moped licenses last

bans on the use of mopeds in towns such as Nanjing. Forever Bicycle is hoping to get round the pollution years, as other forms of problem with production of transport such as huses, an electric-powered bicycle,

year, following complete

this year. If initial sales prove successful, Forever plans to raise further funds on tha markets for international investors to invest in

The other way of bolstering sales has been to look to exports.

Europe by anti-dumping reg-ulations, and in the US by high tariffs, both Phoenix and Forever have been building exports to Africa and South America.

Forever's finances are likely to be further assisted by government plans to take on the costs of providing pensions and welfare for the company's former employees, reflecting the state's commitment to one of its flagship brands.

Mr Tao insists the company will remain true to the brand, and Forever will be manufacturing bicycles for many years to come.

"The bicycle will still be the way ordinary people get around," he says.

James Harding

INTERNATIONAL NEWS DIGEST

Libbey and Vitro in tableware deal

Libbey, the Ohlo-based glass tableware manufacturer, has agreed to buy 49 per cent of Vitrocrisa, the tableware subsidiary of Vitro, the Mexican glassmaker, for a reported \$100m. Vitrocrisa accounts for about 14 per cent of Vitro's \$2bn annual sales. The agreement also includes Libbey's acquisition of WorldCrisa, which supplies flat ware, dinner ware and other table products to the US food service industry.

Vitro, which last year wrote off its \$1bn investment in Anchor Glass, its loss-making US subsidiary, has been looking for foreign partners to recapitalise its divisions. As well as flat glass and glass containers, Vitro produces aluminium cans, plastic containers, synthetic fibres, washing machines and fridges. Mr Hugo Jaime Garcia, Vitro finance director, said proceeds from the Vitrocrise transaction would be used to cancel part of Vitro's \$1.8bn debt. Mr Garcia's aim this year is to lower Vitro's corporate debt by \$300m. Leslie Crowford, Mexico City

Shipyards hold back Keppel

property and financial interests, reported a drop in earnings yesterday, in line with market expectations. Group net profit in 1996 fell 4.7 per cent from \$\$214.1m to S\$204.1m (US\$142.5m). Pre-tax profit rose from S\$444.9m to S\$487.3m and revenue climbed from S\$2.4bn to S\$2.9bn. Earnings per share dropped from 42.2 cents to 38.4 cents

The company surprised analysts by proposing a one-for-four bonus share issue. Analysts believed the bonus was an attempt to prevent the company's share price from falling sharply. Keppel shares ended down 20 cents at S\$10.10, just above their low for the year of S\$10.

Poor earnings from shipyards, squeezed increasingly by wer-cost competition, was the main negative factor. Keppel Marine suffered a 57 per cent slide in net profit to S\$15.2m. The group's property and banking interests enjoyed another year of strong earnings growth. The two sectors contributed 44 per cent of group revenue but 90 per cent of pre-tax profit. Keppel's shipyard businesses contributed only 7 per cent of pre-tax profit but 40 per cent of revenue. James Kynge, Kuala Lumpu

Feed price war in China

Two of China's biggest animal feed manufacturers have started a price war in an attempt to secure a larger market share. Hope, based in Sichuan and one of China's biggest private companies, cut feed prices by between 10 per cent and 25 per cent this week. "We are not going to make a profit. Our main purpose is to grab more market share," it said yesterday, Hope's rival, Dajjang, which is 42 per cent owned by Thailand's Chiatai Group, claimed Hope was responding to its 8 per cent cut, approunced last month. Dajiang said it accounted for 2 per cent of China's total output of 45m tonnes of feed last year while Hope ccounted for 5 per cent. James Harding, Shanghai

CORRECTION

Mr Ronald Perelman

The photograph in yesterday's Financial Times captioned Mr Ronald Perelman, the US financier, was in fact Mr Lawrence Perlman, the chairman and chief executive of Ceridian, the US payroll processing company. We apologise for any confusion caused by our error.

Japanese fund management groups to merge Management and Asahi Invest- merge this October, creating an such as pension fund management. largest shareholder. Analysts said

y Bethan Hutton

hree investment management opponies linked to Dai-Ichi Kanyo Bank are to merge later this ear, forming one of Japan's three rgest investment management roups with about Y2,500bm 20.55bn) under management. -Dal-Ichi Kangyo Investment

merge in October, probably under the name of Asahi Investment Trust Management, the largest of the three. The merger is subject to approval by the Ministry of

Nomura Securities, Japan's largest

Capital Stock L. 5,281,212,121,000 hely paid-in under No. 286/33 in the Ordinary Section of the Company Regis

NOTICE OF EXTRAORDINARY MEETING

Office at 34 Via A. Bertola, Turin, at 10:00 AM on March 26, 1997 on the first call, or at the same time and place on March 27, 1997 on the second call, if required, to deliberate and vote on the following AGENDA. 1) Motion to amend Article 3 of the Articles of Association (corporate purpose), effective as of July 15, 2) Inclusion, effective as of July 15, 1997, of a new Article dealing with the special powers referred to in

Law No. 474 of July 30, 1994, in accordance with the contents end scope set forth in the Decree issued by the Ministry of the Treasury pursuant to Article 2, Section 1 bis of the abovementioned Law

Only stockholders who have deposited their ordinary shares at least five days prior to the date of the ng at the corporate offices at 34 Via A. Bertola, Turin, or 41 Corso d'Italia, Rome, or at Monte Titoli S.p.A. for the securities which it manages, or at any of the usual authorized banks may attend the

Banca Commerciale Italiana S.p.A. - 42/46, Gresham Street - EC2V 7LA

Morgan Guaranty Trust Company of New York - 60, Wall Street - NY 10260 Banca Nazionale del Lavoro S.p.A. - 26, Avenue des Champs Elysées - 75008

The Notice of the Extraordinary Meeting has been published in the Official Gazetta of the Italian

Holders of ADRs representing STET ordinary shares, which are listed on the New York Stock Exchange, should contact Morgan Guaranty Trust Company of New York, Depositary of the abovementioned ADRs,

Istituto Bancario San Paolo di Torino S.p.A. - Eschersheimer Landstrasse, 55 - D 60322

Board of Directors

Banca Commerciale Italiana S.p.A. - One William Street - N Y 10004 Credito Italiano S.p.A. - 375, Park Avanue - N V 10152

Credito Italiano S.p.A. - 17, Moorgate - EC2R 6AR Banca di Roma S.p.A. - 87, Gresham Street - EC2V 7NO

Lavoro Bank A.G. - Talacker, 21 - 8001

Republic, Issue No. 58, Part II of March 11, 1997.

dealing in shares of the company.

ment Trust Management are set to institution with Y15,400bn under Both moves are part of prepara-

tions by financial institutions for the deregulation of Japanese markets and services due over the next few years. Competition will increase, but investment managers ment management affiliates of outside the main life assurance

Management and Kankaku Capital Management deal mainly with institutional clients, while Asahi Investment Trust Management

serves retail investors. Kankaku Capital Management affiliated to Kankaku Securities, a

Dai-Ichi Kangyo Investment the move was not unexpected in the wake of the Nomura merger announcement and Dai-Ichi Kangyo's increasing links with Kankaku Securities.

This is the first merger between bank and brokerage subsidiaries. and Asahi Investment Trust are More are expected between smaller stockbrokers and subsidand trust banking groups are set second-tier securities house in farles of larger securities compa-

Marie San

Marie . Tales

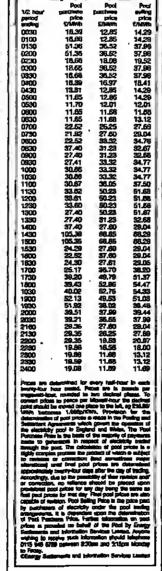
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ence is in in an early

LIQUIBAER



12 March 1997



6100 000 000 Anglo Irish Bankcorp Angio Irish Bank Shareholders are referred to the cautionary announcements dated 29 January and 19 February 1997 and are advised to continue to exercise cautioo in

Corporation pic For the 3 month interest Period March 10, 1997 to June 10, 1997 the Rate of Interest has been set the Raie of Interest has been at 6.375 per cant. per an est Amounts of £160.68 and \$1,606.85 payable per \$10,000 and \$100,000 Notes respectively. The relevant interest Payment Data is O CHASE March 12, 1997

Zeneca: the numbers

1996 financial highlights

	1995	1996	Increase
Sales	£4.898bn	£5.363bn	9%
Research and Development	£549m	£602m	10%
Profit before tax and exceptional items	£878m	£1.011bn	15%
Earnings per Ordinary Share*	62.0 p	70.6p	14%
Dividend per Ordinary Share	31.0p	35.0p	13%
Return on Sales	18.3%	19.4%	·

*before exceptional items

Sir David Barnes, Chief Executive of Zeneca, said:

"1996 was another year of substantial success for Zeneca, thanks to strong sales volume growth particularly from our new products.

1997 will see further new product launches. UK approval for our new migraine treatment, 'Zomig', was granted 10/3/97."

ZENECA BRINGING IDEAS TO LIFE

The 1996 Annual Report will be mailed to shareholders on 2 April 1997. Non-shareholders may obtain copies by writing to The Secretary, Zeneca Group PLC, 15 Stanhope Gate, London W1Y 6LN or by e-mail request to webmaster@zeneca.co.uk

INTERNATIONAL CAPITAL MARKETS

US Treasuries slip on rate rise fears

GOVERNMENT BONDS By Lisa Branston in New York and Edward Luce

in London

US Treasury prices slipped ket would fall were forced to Also adding to the pres- up of in early trading yesterday in buy Treasuries to cover sure on bonds yesterday was day. a delayed reaction to Friday's strong employment fig-ures and amid nervousness could raise interest rates at the end of the month.

Near midday, the benchmark 30-year Treasury was down 1 to 99%, yielding 6.847 per cent, while the twoyear note was & lower at 99%, yielding 6.096 per cent. tract fell # to 110%.

On Friday, bonds initially as the beige book, as an indi-weakened after the release of cator of whether the central traders who had bet the mar- Mr Gilhooly said. short positions.

that the Federal Reserve but there was little follow-through so the market is bonds strategist at Paribas growth to 25 per cent. Capital Markets in New

Attention is now focused The March 30-year bond con- eral Reserve's report on the suries during morning tradstate of the economy, known ing in New York.

unexpectedly high figures on bank will raise interest rates they finished stronger as its Open Market Committee,

Also adding to the presa downward revision to fig-"A short squeeze brought ures on non-farm productivthe market back on Friday, ity increases in the fourth quarter to 1.5 per cent from the original estimate of 2.8 falling today," said Mr Rich- per cent. That change led to ard Gilhooly, international a jump in unit labour cost

European bond markets reined back yesterday afternoon in reaction to the poor on today's release of the Fed- performance of US Trea-

February job creation, but at the March 25 meeting of technical resistance point of 102 io morning trading, closed at 101.79 in London, up 0.04 from the previous

> Traders were at a loss to ing it was a correction to the drop in the short-end of the German yield curve over the past two weeks.

"There are basically two rise in US interest rates on ned to depress trading. European monetary

OS DOLLARS

Kingdom of Belgium Toronto-Dominion Benk Ford Wotor Credit Co CNCP-NGK Intl Financet Benco Bozano Simonsen(b) Kona Eschange Benkt

Scottish Hydro-Bectrick) Royal Bank of Scotlandie

B. TALANLE

Toyota Credit Canadais

PESETAS

a Bolo

Perez Compenc‡ Bayeriache Hypo(g)

New international bond issues

125

5.75

year German bunds, which McDevitt, head of global 10-year bunds widened by 3 had broken through the bond strategy at Paribas in basis points to 183 basis London. "The markets lack points. any clear direction so trading volume has been very ersis" cannot do better than

> Italian BTPs slid again on budget in the spring. Political tensions in the

coalition government and

6.50 89.725R Mer 2002 0.25R 6.50 100.10R Mer 2000 0.20R 8.575 96.865R Apr 2000 0.225R (a) 99.868R Apr 2000 0.225R 99.864S Mer 2005 0.75R (c) 99.845 Mer 1888 undied

The June contract on 10- union," said Mr Graham the Italian spread over 10-year bunds widened by 3

this with the dollar trading so strongly, then a Fed rate continued uncertainty about hike will only make matters explain the bund rally in the the government's ability to worse," said Mr David morning, with some suggest- push through a tough mini- Brown, chief European economist at Bear Stearns in

London. UK gilts marked time after persistent worries over an improvement in the UK's Italy's eligibility to take part inflation prospects had trigthemes in the European marin the first round of Eurogered a rally on Monday. kets at the moment fear of a pean monetary union continuous gilts closed up % at 1115. Traders said uncer-March 25 and continuing The June contract on tainty over the UK election worry about the prospects 10-year BTPs fell by 0.43 to was holding the market

+9(8)k%(Feb02) Morgan Stanley/UBS +14(5)kFeb00) Perioes Capital Martels +18(5)kFeb00) UBS JP Morgan Securities +270(5)k%-02) Origin Securities +270(5)k%-02) Origin Securities +270(5)k%-02) Origin Securities

\$9.20R Dec 2002 0.275R +30(79(Sep01) CRSC WG/Paribes

CAPITAL MARKETS NEWS DIGEST

US investors 'more bullish on Mexico'

50

US investor confidence toward Mexico has improved markedly over the past 12 months as the country's economic situation has stabilised and investors have sought alternatives to record high valuations in the US equity markets, according to a new survey.

Mexico's early repayment of the \$170n bridge loan which the US provided during the peac crisis in early 1985 has bolstered US fund managers' confidence, the report by Broadgate Consultants, a US corporate and markets communications firm, shows. The survey, conducted over recent weeks, included 30"

institutional investors with more than \$500m under menagement. More than 90 per cent of the US market participants surveyed said their opinion on Mexican equities had

improved substantially from a year ago. With the Mexican stock market trading at a price earnings multiple of roughly 14.5 times, 50 per cent

of respondents said the market was undervalued. Fears about the country's recession have receded and investors expect a relatively stable peso, lower inflation Some 90 per cent of investors surveyed forecast gross

domestic product growth in the range of 4-5 per cent. With this kind of growth, investors pointed to a number of potential sector beneficiaries, including construction, .. elecommunications and financial institutions.

Nevertheless, with Mexican federal elections due this ammer, some investors indicated that they might become more nervous and put investment plans on hold, the report showed. Conner Middelmann, London

Emerging market funds ahead

Hedge funds investing in the emerging markets outperformed all others for the second consecutive month in February, according to Hedge Fund Research, a performance tracking firm. The HFR Emerging Market index rose 5.59 per cent last month, adding to its 6.52 per cent gain in January.

"Emerging markets managers continue to outshine all other strategies," HFR said. "They are already up 12.48 per cent year-to-date... propelled once again by the spectacular performance of funds invested in Russia. Latin American managers also turned in strong

Of 16 categories of funds tracked by HFR, eight outperformed benchmarks such as the Dow Jones Industrial Average and the Standard & Poor's 500 index. These were emerging markets, convertible arbitrage, distressed securities, fixed income, macro funds, ehort selling, value funds, and funds of funds.

Three types of funds tracked had negative performances in February: the HFR Sector index lost 2.40 per cent, the Growth index was down 1.09 per cent and the Multi-Strategy index fell 0.90 per cent.

Samer Iskandar, London

IFC europeso issue wins wide acclaim

INTERNATIONAL BONDS By Edward Luce

and Samer Iskanda

The first Philippine europeso bond was issued yesterday to general acclaim from traders in Europe and Asia. Lead-managed by Citicorp, the five-year 2.6bn peso bond was issued by the International Finance Corporation as part of a global mediumterm note programme

announced last month. Traders said that the debt, which was priced at a level equal to 83 per cent of Philippine five-year government bonds, was well received, although secondary trading only starts today.

The World Bank is expected to follow the IFC with a debut europeso issue in the The IFC could reopen the

pesos if it receives authorisa-

tion from the Philippine cen-

WORLD BOND PRICES

the remainder split between the US and Europe.

out faster than it takes to prove that it was a real euro-result in lower funding bond issue," said Mr Jam-costs, with Keadby benefitshid Ehsani, managing direc- ing from Scottish Hydro's tor of Citicorp Securities.

The day's largest transaction was a \$500m issue of hond market will allow five-year notes by Belgium. UBS, joint lead manager with Morgan Stanley, said it was "very pleased, not only with the absolute level of sales but especially with the quality of the distribution among institutional investors." It also said the timing was good and demand had been strong due to the lack

of recent sovereign bonds. made its debnt issue with issue with another 1.5bn £150m of 10-year bonds. The proceeds will be used to fund the acquisition of the

tral bank. Citicorp said remaining 50 per cent stake about 60 per cent of the debt of the Keadby power station was distributed in Asia, with it does not already own.

The borrower also intends to use part of the funds to "We wanted to get the deal refinance Keadby'e existing project finance funding. The break syndication in Asia to refinancing is expected to stronger credit.

"Refinancing in the Hydro-Electric to make a significant saving on interest charges and lock in attractive levels of fixed-rate funding," said Mr Roger Young, chief executive of Scottish The Royal Bank of Scot-

land launched a £150m perfirst to pay a floating rate of region. "It was essential to interest. The deal was lead f recent sovereign nones.

Scottish Hydro-Electric managed by BZW.

Toyota Credit tapped the

have a maturity in 2002, which is viewed as a fiveyear although it is a bit lon-Capadian dollar sector with ger," said CIBC Wood Gundy, joint lead manager an issue maturing in December 2002 and aimed at retail with Paribas.

investors in Germany, Swit- Retail investors have a petual note in sterling, the zerland and the Benelux preference for paper with Argentine oil and gas prorelatively short maturities of duction company, launched less than five years. But its first offering of lira-Wood Gundy explained that denominated bonds. "by stretching the maturity as far out as possible, we could offer the highest out-

Perez Compane, the

The lead manager was Chase Manhattan. The debt was trading at its offer price last night.

III BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100% **UK** Indices BENCHMARK GOVERNMENT BONDS FTSE Actuaries Govt. Securities -- Low coupon yield -- Medium coupon yield -- High coupon yield --Mar 11 Mar 10 Yr. ago Mar 11 Mar 10 Yr. ago Mar 11 Mar 10 Yr. ago Price Indices UK Gits Jun Sep Apr 1.21 1.27 0.25 0.93 1.06 0.47 0.68 0.87 0.81 May 0.67 0.98 1.17 interest 8.750 11/06 92.7828 -0.080 7.82 7.89 7.41 5.65 5.62 01/07 98.6700 +0.090 5.64 5.54 5.80 6.250 03/07 103.8000 +0.030 5.74 5.61 5.76 7.000 12/06 103.8900 -0.570 8.49 8.39 8.39 8.39 8.500 10/01 103.8488 -0.080 4.57 4.39 4.50 6.500 10/08 107.5100 -0.040 5.48 5.37 5.63 8.000 01/07 102.4700 +0.020 8.06 5.63 5.37 5.63 8.000 08/06 108.5600 - 8.60 8.49 8.65 7.750 11/08 102.7200 -0.160 7.351 7.31 7.21 6.300 09/01 121.8008 - 1.31 1.36 1.35 3.000 09/01 121.8008 - 1.31 1.36 1.35 5.50 Up to 6 years (16) 5-15 years (21) Over 15 years (5) irredowning (5) 6.90 7.42 7.51 7.58 121,14 0.02 2.59 5 yrs 1,83 15 yrs -0.03 152,14 152,19 173.64 201,30 174.06 Mer 11 Mer 10 Yr. ago M NOTIONAL TYALIAN GOVT, BONG (BITP) FUTURES (LIFFE) Lira 200m 1000m of 100% Mar 11 Mar 10 Yr. ago 2,46 2,45 1,88 3,27 3,27 3,63 Open Sett price Change Est. vol Open Int. 127.35 126.77 -0.43 127.67 126.52 49154 127.35 126.69 -0.43 127.35 127.35 20 +0.188 +0.160 +0.150 +0.230 +0.230 +0.308 -1/32 -4/32 -13/32 -18/32 -0.080 104,9077 101,4200 117,6500 102,6300 108,2686 103-29 101-21 112-23 97-15 97-01 106,9600 5.31 6.70 6.88 6.85 6.60 7.19 7.29 6.55 6.82 5.88 5.43 8.82 6.60 6.86 6.60 7.26 7.35 6.60 6.86 5.96 5.60 6.69 6.71 6.89 7.02 7.51 7.59 8.61 6.90 5.97 III ITALIAN GOVT. HOND (BTP) PUTURES OFFICIES (LFFE) Lin200m 1000m of 100%

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US INTEREST RATES

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Landon closing, "New York entd-day

131,20 +0.08 129,96 +0.08 128,34 +0.08 131.56 130.32 128.44 131.18 148,454 99,085 129.94 40,378 82,965 128.44 2 2,153 III LONG TERM FRENCH BOND OPTIONS (MATIF) CALLS
 Open
 Sett price
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111 1-01 1-41 2-02 2-35 0-15 0-65 1-16 2-11 112 0-28 1-07 1-31 2-03 0-40 1-21 1-45 2-41 113 0-07 0-44 1-03 1-41 1-21 1-56 2-17 3-21 114 0-27 0-44 1-03 1-41 1-21 1-56 2-17 3-21 115 0-07 0-44 1-03 1-41 1-21 1-56 2-17 3-21 115 0-07 0-44 1-03 1-41 1-21 1-56 2-17 3-21 115 0-07 0-44 1-03 1-41 1-21 1-56 2-17 3-21 115 0-07 0-44 1-03 1-41 1-21 1-56 2-17 3-21 115 0-07 0-44 1-08 1-42 1-42 1-42 1-43 115 0-08 2183 Puss 1482 Previous day's open inc. Cale 65821 Puls 30755 ECUS ECUS Copen Seti price Charge High Low Est. vol. Open inc. Cale 65821 Puls 30755 US US US US US TIFEASURY BOND FUTURES (CBT) \$100,000 Sends of 100% Copen Latest Charge High Low Est. vol. Open inc. Cale 100-27 100-27 119-21 169 13,36 Mar 110-23 110-17 -0-03 110-25 110-17 11,598 140,11 Jun 110-05 110-00 -0-04 110-11 110-00 223,798 384,51 Sep 109-26 109-24 - 109-27 109-27 169 13,36 USPERS MOTIONAL LONG TERM LAPANIESE GOVT. BOND FUTURES (UFFE) Y100m 100ths of 100% Open Close Charge High Low Est. vol. Open inc. Cale 124,20 124,24 35 n/a Sep 124,25 - 124,30 124,24 35 n/a **LEFTE Allarses also traded on APT. All Open Interset ligs, are for previous day. **LEFTE Allarses also traded on APT. All Open Interset ligs, are for previous day. **LEFTE Allarses also traded on APT. All Open Interset ligs, are for previous day. **LEFTE Allarses also traded on APT. All Open Interset ligs. are for previous day. **LEFTE Allarses also traded on APT. All Open Interset ligs. are for previous day. **LEFTE Allarses also traded on APT. All Open Interset ligs. are for previous day. **LEFTE Allarses also traded on APT. All Open Interset ligs. are for previous day. **Left Allarses also traded on APT. All Open Interset ligs. are for previous day. **Left Allarses also traded on APT. All Open Interset ligs. are for previous day. **Left Allarses also traded on APT. All Open Interset ligs. are for previous day. **Left Allarses also traded on APT. All Open Interset ligs. are for previous day. **Left Allarses also traded on APT. All Open Interset ligs. are for p	
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U.S. TREASURY BOND FUTURES (CBT) \$100,000 32nds of 100 % Copen	
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 Open
 Sett price
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M NOTIONAL UK GILT FUTURES (LIFFE)* 850,000 32nds of 100%

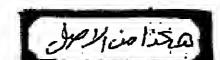
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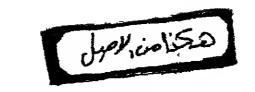
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COMPANIES AND FINANCE: UK

cotia setback unsettles biotech sector

1,101 5,04 75.5 221.7

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115.7 57.9 22.6

61.8 2,046 10.4

123.2 45.9 4.84 67.5

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Yr to Dec 31

By Daniel Green

Shares in Scotia, one of the UK's largest biotechnology companies, fell by 24 per cent after the company said that one of its most promising drugs would not earn a recommandation for treatment for the nerve damapproval from the UK Committee on the Safety of Medi-

binding on the government, Analysts at stockbroker Leh-

but are usually followed. The drop in Scotia's share the UK biotechnology sector. Shares in many others, including British Biotech and Celltech fell too.

age suffered by diabetics. (diabetic neuropathy). It is one of the most impor-The MCA's views are not tant of the drugs Scotia has.

man Brothers had forecast sales of \$150m a year and price also hurt the rest of estimated its valua at about 6 per cent of the company's research and development pipeline.

The failure to win a recom-The drug is Tarabetic, a mendation also puts into doubt another drug, SC103, an improved version of Tarabetic in early development which Lehman estimates is worth 8 per cent of Scotia's

BSA Yr to Dec 31
Biotrace Yr to Dec 31
BPP Yr to Dec 31
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Costs Property Yr to Dec 31
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Costs Yr to Dec 31

RESULTS

Further bad news was pos-sible from Scotia because its cancer drug EF13 was submitted to regulators with less evidence in its favour from clinical trials than Tarabetic, according to one ana-

But Dr David Horrobin, Scotia's chief executive, said that Tarabetic might yet win regulatory approval. decision was a narrow one

(3.41) (65.5) (203.8) (5.34)

(5.34) (1,001) (24.5) (19.6) (143.9) (58.7) (15.4) (72.1) (2,047) (9.35)

(410.5(1) (374.1) (38.4) (-) (228.7) (27.6) (143.8) (12.1)

(754.9) (23) (61) (41) (95.3) (24) (3.95) (59.1) (27.1) (61.3) (25.3) (25.3) (4,898)

based on an inconsistency of results between different centres at which trials were conducted

He also blamed the decision on the fact that there is no precedent for a treatment for the condition, leading to greater uncertainty among regulator.

Several other companies, including Roche of Switzer-He said that the MCA's land and American Home Products, have abandoned

4.021, 22.9 10.6 0.64

33.2† 8.8 28.1 19.85 1.84 5.28 3.15† 11.2 2.85 20.1 3.14† 9.37 2.65 21L 0.13† 6.9 6.9 6.9 6.9 14.99† 14.99†

0.15L† 11.55 5.8

13.07L 17 5.4† 38.2 67.6

5.84 6.18 3.36

Earnings shown basic. Dividends shown net, Figures in brackets are for corresponding period, ≜After exceptional charge, ♥After exceptional cradit, †On increased capital ®Australian currency, #Includes 0.5p special. □ Gross written premiums. ##Excludes 10p special. ⇒ Comparatives pro forma, ⇒ Comparatives restated, ▼Comparatives pre-merger. ♣Irish currency. \$US currency. ♠Afm stock. ₹Third interim.

(31.31.4) (3.05.) (3.05.) (0.877.4) (20.34.) (119.6.) (0.43.) (35.5.) (2.981.4) (1.48.)

(-) (140.52 ¥) (1.63) (164) (20.33 ♠) (32.3) (1.62) (2.2) (4.7) (12.1) (2.11) (7.63) (0.2471 ♠)

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(619**4**)

(4.88) (13.6) (1.76)

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(-) (18L) (0.14) (9.9) (35.41L) (5.29) (5.6) (7.8) (10.38) (3.9) (6.4) (0.04) (7.32) (1.5L)

(0.44L) (14.64)

4.9

9 1.98 1.3 9 2.65 17 1.85 0.25 0.9 0.2 5.4 0.35 7.95 3.5 2.25

diabetic neuropathy drugs because of the difficulties in proving effectiveness is such a slowly-progressing disease

Dr Horrobin said he intended to appeal to the Madlcines Commission. which bas the power to reverse the MCA's recommendation. The final decision is in the hands of the

135p at 435p.

13 3.3

0.065 3.4

11.25 4.8## 2

0.065 3.4 0.5 3.3 2.5 3.6 3.7 3.3

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1.65 1.75 0.6 0.2 5.4 0.84 \$.65 3.2 1.25

Apr 29 Apr 21 Apr 30

department of health. The shares closed down

Most biotechnology com-Scotia Holdings panies stumble at some point, only to scramble to Share price (since flotation their feet again. Britisb relative to the FTSE All-Share Inde Biotech and Cantab Pharmaceuticals have both bounced back from the failure of their lead product. Scotia may be different. The refusal of the UK authorities to approve its treatment for diabetic nerve damage is more serious than the potential loss of a single drug. It rein-80 forces doubts over the 60 LL Oct 93 . 1994 group's controversial fatlike chemicals which underlie many of its other

compounds. And it suggests Scotia does not have the expertise to design rigorous clinical trials.

LEX COMMENT

That is why the abares fell 24 per cent yester

Scotia argues that it is tackling unusual diseases with unusual technology - a combination bound to make medi-cal regulators particularly sceptical. A big partner would help restore confidence; the group's failure to find one is

Loyalty cards

Loyalty cards have become legion in airports and auper stores - now they are about to take on the British high street. And it is easy to see why Shell's collective loyalty scheme has attracted big retail names.

Airline loyalty may have been won by rewarding the individual for spending his company's money. But the British supermarkets have shown that the

consumer's own spending can be bought for as little as a penny for every pound. Obviously, the risk is that other retail groups

follow suit and everyone just throws away some profit Given the small number of relatively bomogeneous pet rol retailers, supermarket groups and banks, there could

easily be other alliances. So the consumer could eventually be rewarded for loyalty to most of the high street with just a few cards. But as Tesco showed with its Clubcard, there is

definite advantage to being first.

Zeneca ready for investment



-Sir David Barnes: will spend more

By Daniel Green

3.

MARKET WATER W

Mar. 54.

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1996

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Section 1

The Manuell Parent

a Made 2

Zeneca, the UK's third biggest pharmacenticals company, yesterday warned : that profit growth would be sineld back in the near term 2 .. r. by higher capital investment

new drugs. Although 1996 profits were . tions, the company caudoned that it had abandoned me of the drugs it has been leveloping because of side-

bat Zeneca was vulnerable ... o sterling's strength, and its aunches next decade.

. The battle for one of the

world's fastest-growing

erday as Glaxo Wellcome.

he:UK's largest drugs com-

liggest, both announced reg-

:: my, and Zeneca, the third

... latory approvals for new

el Green.

nigraine drugs, writes Dan-

··· Until now Glazo's Imigran

-of the market. It had sales of

Ive years after its launch.

as had a virtual monopoly

1539m (\$879m) last year, just

Now Glaxo'a Naramig has

won approval from the

wedish health anthorities

while Zeneca's Zomig bas

. Both companies refuse to

eveal any plans for their

Products, now that such

eformation is commercially

ensitive: Areas likely to be

scrutinised by doctors and

stock market analysts alike

include launch dates, sub-

mission to other regulators,

and details of the drugs'

abelling - especially lists of

side-effects and whether or

approval in the UK.

- frugs markets took off yes-

perce exceptional items rose products".

Glaxo, Zeneca

set for battle

15 per cent to £1.011bn (\$1.64bn) from £878m. Sales rose 9 per cent to £5.36bn with earnings per share, before exceptional items, up 14 per cent to 70.6p.

Mr Steve Plag, pharmaceuticals analyst at BZW, said .. ; and the cost of launching the company had more of its costs in the UK than rivals such as SmithKline Beecham in line with market expecta- and Glaxo Wellcome and could suffer from a strong sterling.

Mr Kevin Scotcher, his counterpart at NatWest Markets, said the slowdown in the rate of naw produc sipeline of drugs did not dropping of ZD 0870 for funassure it of a series of new gal infections, "puts the company in the position Zeneca's pre-tax profit where it has to acquire new

Mr Ian Smith, pharmaceu-

ticals analyst at Lehman

Brothers, is forecasting

\$500m annual sales of Nara-

mig by 2000. By then, Imi-

gran sales should be \$1.5bn.

\$350m in the same year, even

though it may prove to have

fewer side-effects than its

rivals, said Mr Smith. The

difference is that Glaxo's

sales forces already have a

grip on the migraine market.

meet further competition

over the next few years.

Companies working on new

migraine medicines include

some of the biggest in the

industry, such as Pfizer.

Bristol-Myers Squibb and

Johnson & Johnson of the

US, and the UK's SmithKline

The two companies remain

linked in the migraine mar-

ket in that Zomig is licensed

from Glaxo. The US Federal

Trade Commission forced

the out-licensing of Zomig

Beecham.

Zomig's sales should reach

All-round growth lifts BBA to £142m

By Tim Burt

BBA Group, the diversified engineering company, yesterday reported a 19 per launches likely early next its following strong contridecade, exacerbated by the butions by its motor compoments, aviation services and non-woven

Pre-tax profits last year rose from £118.5m to £141.1m (\$230m) before exceptional items, while sales on continuing operations reached £1.08bn (£984.6m).

After exceptionals, profits more than doubled to £142m (£66.8m) - largely distorted by £51.7m of one-off charges in 1995. Margins at the operating

level rose from 11-8 to 13.5 per cent. Mr Roberto Quarta, chief

executive, said the figures reflected improvements following BBA's hefty restructuring in the mid-1990s. He said the company which spent £278m ou acqui-

sitions last year and contem-

plated a hostile bid for

Lucas Industries - would continue to seek acquisttions, but would not sacrifice margins for the sake of "buying-in" sales. Both drugs are likely to Instead, it would concentrate on integrating new subsidiaries - particularly in textiles and aviation ser-

> ogy and new products to apture market ahare. Nevertbeless, Mr Roy McGlone, finance director, said strong cash generation meant it could spend up to £200m on "suitabla bolt-on

opportunities"

vices - and using technol-

BBA underlined that strategy yeaterday by announcing plans to spend up to £12m on Korma, the privately-owned Italian manufacturer of super-absorbent materials. It also unveiled plans for a friction materials joint vanture in China, aimed at European car manufacturers in that

market. Improved contributions from friction materials helped lift underlying profits in the transportation division from £50m to £58.1m last year.

In the industrial division, dominated by non-woven textiles, profits reached £88.9m (£66m) - mainly because of gains at Fiberweb, the manufacturer of hygiene textiles acquired in

Earnings per share rose from 16.5p to 20.6p before exceptional items, and from 2.4p to 20.7p afterwards. A proposed final dividend of 4.9p (4.2p) lifts the total to



Paris, France, 11 March 1997 - Sligos and Axime, who are merging to form a leading European information technology (IT) services company, have released financial results for the period ending 31 December 1996.

SLIGOS ANNUAL FINANCIAL RESULTS

31 December 1996. Financial statements for the year were prepared in accordance with IASC standards, which show net income of consolidated companies before goodwill and merger costs up 86% to FRF 220 million. The table below restates the main results for the year according to the Axime French GAAPS that will be used to prepare the new Group's financial statements.

In millions of French francs

Operating income

Shareholders' equity

Merger costs

Net income

Net cash

During the year, sales declined by 7.6% due to the disposal of the CMG PC retailing business. At constant scope of consolidation and exchange rates, sales rose by 4.5%. Sales in France declined by 4% as certain banks insourced their card processing operations. Sales outside France increased by 20.5%.

Operating income amounted to FRF 177 million, yielding an operating margin of 4.4%. Income was down PRF 30 million from the previous year due to the poor performance by Solaic and the deconsolidation of CMG, which contributed income in 1995.

fn France, lower overbeads and improved margins in professional services and systems integration offset a decline in income from the hankcard processing busioess. In addition, activities outside France improved operating income for the year. Pre-tax income before exceptional items

declined slightly by 2.6% to FRF 184 million, for a pre-tax margin of 4.6%.

Net income before goodwill and merger

rose by 149% to FRF 242 million.

Reserves for merger costs amounted to FRF 370 million, covering the expense of

-7.6% Sales at constant scope of consolidation 4.5% 177 207 14.4% Pre-tax income before exceptional items 61% Net income before goodwill and merger costs 149% Net margin before goodwill and merger costs 2.2% (370)° (166) 60 1,440 1,333 _ 638 236

costs, which includes capital gains on the disposal of CMG (in January) and Solaic (in December),

reorganising the new Sligos-Axime Group into four operation divisions and of optimising

production centers and office premises.

The amount also includes the business appraisa) value of certain assets within the framework of the new Group's strategy.

Sligos enjoys a healthy halance sheet, with sharebolders' equity of FRF 1.3 billion and net cash of FRF 638 million.

AXIME INTERIM FINANCIAL RESULTS

The Supervisory Board of Axime met under the chairmanship of Henri Pascaud and reviewed the financial statements for the six months ended 31 December 1996, as approved by the Executive Board under the chairmanship of Bernard Bourigeaud.

Sales rose by 10.7% during the first six months of the 1996/97 financial year. Restated for the disposal of the professional services business oo 4 December 1996, sales increased by a comparahle 14.6% over the period. Sales growth was strong in all of the processing activities, both those concerning new payment media, such as private label cards and loyalty cards, and those involved in the multimedia and outsourcing division, particularly following the implementation of the SBF co-sourcing partnership. The systems inte-gration business remained stable over the period. while direct marketing sales showed a decli

Interim operating iocome rose by 7%. despite the cost of developing new processing services. Pre-tax income before exceptional items rose by 11 %, in line with sales growth. Net income before goodwill and merger costs

increased by 49% and includes the capital gain on the disposal of the professional services business to Logica on 4 December 1996. Reserves for costs of implementing the

new operatiog organisation amounted to FRF 32 million.

In millions of French francs	5 months ended. 31 December 1996	6 months ended 31 December 1995	Change
Sales Sales at constant scope of consolidation Operating income Pre-tax income before exceptional items	1.154	1,042	10.7%
	1.154	1,007	14.6%
	107	100	7.0%
	107	96	11.0%
Net income before goodwill and merger costs	131	88	49.0%
Net margin before goodwill and merger costs	147 %	8.4 %	
Merger costs	(36)	-	
Net income	66	68	- 3.0%
Sharebolders' equity	724	583	-
Net cash	225	22	-
Cash flow	395	84	-

ended the period with shareholder's equity of

FRF 724 million and net cash of FRF 225 million. On 7 January 1997, Axime acquired the European outsourcing activious of ADP GSf, at a cost of FRF 190 million. This business bad 1996

The balance sheet was strengthened and sales of approximately FRF 600 million and 680 employees.

Its acquisition has strengthened Sligos-Axime's Outsourcing Division and made it a European market leader, with operations primarily in France, Germany and the United Kingdom.

1997 OUTLOOK FOR THE NEW GROUP

he new Group has fixed a revenue objective of FRF 6.3 billion for the 1997 calendar year. This compares with proforms twelve-month 1996 sales of FRF 6.2 billion (FRF 5.3 billion excluding Solaic and Axime Iogénierie). The Group's objective takes account of among other factors the following recent acquisitions the GSI outsourcing business, Phonepermanence and Penny Dialogmarketing call centres and Q-BOS bankcard processing business in Germany. These busioesses generated revenue in 1996 of approximately FRF 750 million.

During the year, the new Group will focus on setting up the new operational and legal organisation, redeploying technical skills, corporate capabilities and human resources, implementing cost optimisation plans and introducing an aggressive sales and marketing strategy.

Operating income is expected to improve from the proforma full-year 1996 Sligos-Axime figure. Subject to sbarebolders agreement in extraordinary meeting the financial year-end on the new Group will be changed to September 30.

Following the public offer to exchange shares. proforma oet deht as of 1 January 1997 was approximately FRF 384 million, or around 50% of shareholders' equity.

The new Group will enjoy strong cash flow, a vast wealth of technical and functional skills and a significant European presence. Its unique position in such fields as the Internet/Intranet, the single European currency and the year 2000 changeover. as well as its leadership in transaction processing. all provide major opportunities for development in the years to come.

Contact: Cotherine de Roffignac, tel. 33 1 49 00 96 61. Marie-Tatiana Collombert, tel. 33 1 49 00 96 33

cribed only after any alter- come in 1995. No. of the last of 'Blockbuster' phone from Amstrad

not the drugs should be pre- when Glaxo bought Well-

By Alan Gane

announced the first handheld mobile phone capable of being used in Europe and the US without modification.

Mr Alan Sugar, Amstrad's chairman, described it as the first 'blockbuster" product to merge since the group was estructured last year.

Developed and marketed by Dancall Amstrad's Danish subsidiary, it is expected to be available towards the and of the year.

cost more in the shops than Amstrad the personal current GSM phones, which computer and communica- are heavily subsidised by tions group, yesterday manufacturers and service providers. GSM is the European-developed standard for

nent.

Mr Sugar said it would not

Currently European travellers to the US and viceversa are forced to use different phones in each conti-

the principal digital mobile standard in Europe, the Middle East, Australasia and Asia. Most networks in the US use the older analogue technology.

digital mobile phones.

GSM has been adopted as

7p (6p).

"While China is likely to

remain a highly erratic and

unpredictable player in world copper markets, it is

Mr Lennon adds that,

because copper imports are

so important to China, the

metal is treated as strategic

material and stocks are

administered by the Minis-

the State Reserves Bureau.

stabilising force on prices,

premium in real terms to

Once shipping and other

not a destabilising force."

ence." he savs.

COMMODITIES AND AGRICULTURE

Malaysia in Doubts over Chinese copper stock levels warning on rubber price

By James Kynge in Kuala Lumpur

Malaysia yesterday warned rubber consumers to accept decline in production caused by planters switching to more profitable alternatives.

such as oil palms. Mr Lim Keng Yaik, Malaysia's primary industries minister, said the result of such a scenario would be that rubbsr prices would spiral

"If there is no fair and remunerative price for rubber, theo producers will be a point. forced to cut back on production and rubber prices will ness." Mr Lim said.

launch of the third Interna-Agreement, the global pact and seeks to influence prices more valuable than the

for the next four years. Discussions on prices are expected to be high on the sumer countries, are the agenda this week as representatives of producing and consuming countries meet in

price of somewhere between M\$4 and M\$6 a kilogramme would probably be sufficient to avert a sharp fall in rubber production. The price is currently just over M\$3 a kil- issues. ogramme, be said.

At this price, many plant- Italy would join soon, offiers in Malaysia - the third cials said. largest producer, behind Thailand and Indonesia were not bothering to tap

The result, Mr Lim said, was that Malaysia produced only about 1m tonnes of rubber annually. If all trees were tapped, it could pro-

duce 1.3m tonnes. The shift to planting oil lished in Malaysia, where wage increases have eroded

Mr Lim said, however, that Indonesia could follow higher prices or risk a sharp suit if the rubber price remained low.

In Thailand, which does not have suitable climactic conditions for oil palms, farmers could also switch to more lucrative operations. Observers said that

although Mr Lim's remarks appeared to be aimed at boosting prices ahead of the discussions under INRA this week, the minister did have The economies of Malay-

sia, Indonesia and Thailand spiral like nobody's busi- are restructuring with such rapidity that rubber planting He was speaking at the runs the risk of becoming regarded as a sunset industry. Some planters in Malay sia are starting to regard the which controls buffer stocks timber from rubber trees as

rubber. China and Italy, both cononly two nations which have yet to ratify the INRA 3.

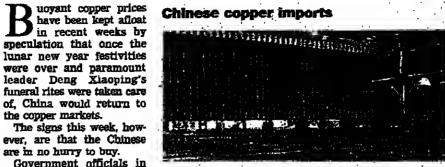
A Chinese official said his Suala Lumpur. country, which also sup-Mr Lim said that a rubber . ported the appeal for higher rubber prices put forward by Mr Lim, would become a member this week.

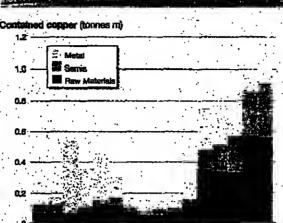
He added that the delay had been due to technical

It was unclear whether

INRA 3, which succeeds previous generation agreements which have beld sway over the last 16 years, is also expected to formalise the appointment of Dr Mohd Zubeir Noordin, Malaysia's deputy primary industries minister, as executive director. The previous two executive directors bave been Indonesian and Thai.

Chinese copper imports





Official figures released Industry, the leading governthis week show China's ment company operating in demand for copper is expected to reach 1.2m tonnes this year, 900,000 tonnes of which will be met by domestic production, leaving 300,000 tonnes to be bought on inter-

national markets.

On Monday, Mr Chen China Non-ferrous Metals reinforced suspicions among see bow the current LME

international copper market the rest would have to be imported. These imports in recent years has been would be mostly raw materials.

China's role in the to 150,000 tunnes of this and much bigger than suspected, says Mr Jim Lennon, analyst at Macquarie, the Australian banking group, Kenneth Gooding writes.

He says that stuce 1992 there has been rapid growth in Chinese imports of copper in all forms - raw materials, concentrate, scrap and blis-tsr and semi-fabricated products as well as metal and calculates that last year imports of copper products exceeded 1m tonnes for the first time compared with only 100,000 tonnes in 1990. Mr Lennon suggests in a paper prepared for American Metal Market's Copper Forum that China's demand for copper could show sus-

an extra 843,000 tonnes. Domestic sources could provide only about 100,000

tainable annual growth of

12% per cent. In 1996 to

2000 this would amount to

prices can be maintained." Shanghai traders that China has little intention of buying while prices are so high and Shanghai said yesterday. that London Metal Exchange copper is overvalued.

"We had been expecting the Chinese to buy after the Chinese new year but they can't afford to or don't want to at these prices. And with-The comment has out the Chinese it is hard to

import duties are included. the price of LME copper in Bigger role than suspected China soars to more than \$3,000 a tonne.

"While domestic prices remain depressed and inter-national prices are relatively high, it is hard to see China coming into the market one copper analyst in Shanghai said yesterday.

A further reason for China'a willingness to wait out also likely to remain a long-term bullish infinthe period of high prices on the LME is this year's slackening in domestic demand

Aithough the government has insisted that 1997 consumption will increase by 5 per cent from last year, trad. ers in Shanghai and Beijing report a marked decline in try of Domestic Trade via CRU International, the London-based consultancy.

"The government tends to act as a price stabiliser in reported at the beginning of the market, buying when the year that China's copper copper prices are low and consumption is "sluggish by selling when prices are Chinese standards, particuhigh. So the role of the government means that, paradoxically, China increas-ingly will be viewed as a

"Although a resumption of Chinese buying is probab in late February or early much lower level than that evident in the second half of 1996." CRII International one foreign metals trader in

Although the contract One Shanghai trader said yesterday there had been no prices suggest that copper is cheaper in London than in interest to the market. "We Shanghai, LME copper is trading at a considerable assume the buyers are waiting for the price to fall." China's domestic red metal.

James Harding

Crude oil cargoes struggle to find buyers

MARKETS REPORT By Robert Corzine and Kenneth Gooding

are in no hurry to buy.

ths industry privately esti-

mate China's copper stocks

at between 200,000 and

300,000 tonnes, compared

with analysts' forecasts of

The exact figure of stocks

held by the Strategic

Reserve Bureau, the govern-

ment agency that manages

the national stockpile, is a

state secret and industry

officials cannot give an

However, one Chinese offi-

cial said "between 200,000

and 300,000 tonnes seems

like a proper amount,

because the SRB has bought

beavily last year to cover

preent copper needs and

Such a substantial stock

would considerably ease the

pressure on China, the

world's biggest importer of

copper, to buy on interna-

tional markets. It also sug-

gests the replenishment of

the SRB stockpile, which

supported market prices in

the fourth quarter of last

year, has come to a tempo-

meet military demand"

authoritative figure.

just over 100,000 tonnes.

Oil prices continued their slide yesterday as crude cargoes struggled to find buyers. The price of Brent Blend for April delivery, the international benchmark, was down 32 cents a barrel to

drop on Monday. The depth of the slide is expected to be influenced by figures due ate last night on US stocks of crude oil and refined prod-

The inability of the market to absorb current oil supplies is due to large-scale refinery maintenance in the US and Europe, the mild \$18.96 in late trading on Lonweather, and rising supplies. don's International Petro-In addition poor refining margins have caused some

runs in order to avoid or plier of the metal, still has

the metals markets, said

that whereas China had pre-

viously bought copper from

the international market as

and when the need arose,

"CNNC must change its

trading methods...now we

must think long-term".

March gas oil contract on the IPE was down \$3.75 a tonne at \$163.25.

Palladium jumped by more than \$6 to \$158 an ounce. Traders suggested a US bank had bought a big tonnage of the metal, essential in some industrial and car anti-pollution catalysts.

not signed an annual contract with Japan, the biggest user, and there are threats of strike action at the Norilsk combine, which produces most of Russia's platinum

"Palladium had a spectacnlar day," said Mr Andy Smith, analyst at Union Bank of Switzerland. "This provided a prop for precious metals markets."

London yesterday following a rise in New York on Monday, but the price fell back in late trading Dealers said investment

funds and producers sold into the rally. Gold closed in London at \$352 an ounce, \$1.75 ahead of Monday's close but down from the day's peak of \$353.85.

The London Metal Exchange yesterday reported another fall in stocks of all

Gold started strongly in its traded metals, with the exception of nickel, A general downward trend in all but the LME's copper stocks this year has helped to lift prices.

-3.050 to 206.525

palms is already well estab-COMMODITIES PRICES

BASE METALS LONDON METAL EXCHANGE (Prices from Amalgamated Metal Trading)

	Cash	3 miths
Close	1641-42	1672.5-73
Previous	1630.5-1.5	1662-3
High/low		1677/1653
AM Official	1634-35	1665.5-66
Kerb close		1677-78
Open int.	269,567	
Total daily turnover	60.060	
IN ALUMINIUM AL	LOY (\$ per to	nne)
Close	1641-42	1672.5-73
Previous	1523-8	1547-8
High/low		1550/1547
AM Official	1530-32	1548-50
Karb close		1553-55
Open Int.	6,320	
Total daily furnover	727	
LEAD (\$ per ton	ne)	
Close	667-8	671-1.5
Previous	674-6	675-6
High/low		675/667
AM Official	868-8	968-70
Kerb close		670-1
Open int.	40,076	
Total daily turnover	6,570	
M NICKEL (S per t	onne)	
Close	7875-85	7980-90
Previous.	7995-800 5	8100-05
High/low		8080/7900
AM Official	7870-75	7965-70
Kerb close		8020-30
Open int.	51,981	
Total daily turnover	16,286	

TIN (\$ per tonne) Kerb close 16,129 11,585

ZINC, special high grade (3 per torme) 1237-38 Open Int. Total daily turnover 2409-12 2456-9

2409-10 IF LMF AM Official F/S rate: 1,6052 Sout: 1,6060 3 matrix: 1,6037 6 pothe: 1,6015 0 protes: 1,6003

115.10 +0.45 116.00 113.50 1.262 7,441 112.85 +0.75 112.30 111.85 44 3,374 110.65 +0.70 111.40 108.80 7,274 25,038 106 05 +0.70 105.00 105.00

PRECIOUS METALS Prices supplied by N M Rothschild)

351.80-352.20 351.95 Day's High Day's Low 354,00-354,40 Previous close 349.70-350-20

Loco Ldn Mean Gold Lending Rates (Vs USS) ...4.04 8 morshs .

Silver Fix 327.05 331.55 336.10 351.80 525.00 6 manths 551.35 \$ price 353-355 Gold Coin £ equiv. 220-221

M GOLD COMEX (100 Troy oz.; \$/troy oz.)

300	357.3	+21	357.7	353.7	3,047	27,99
AND	359.6	+21	360.0	356,3	83	9,984
Cict	362.0	+21	360,9	359.6	17	5,945
Dec	364.6	+21	365.3	362.0	75	20,954
Total	••••				32,143	
M PL	ATINUM	NYMI	EX (50	Troy or		
Apr	386.6	+3.1	389.0	364.6		18,438
Jul	388.9			388.0		3,470
Oct	391.2	+3.0		390.0		2.083
				394.5		
Jest	383.3	+3.0	30.73	384,3		1,123
Total						25,124
■ PA	LLADAU	M NYM	EX (10)	Troy o	7Z., \$/1	OY OZ.
			_			
	159.25				21	
	161.25	+6.00	161.25	159.20	494	9,858
Java		+6.00	161.25	159.20	494	9,85
Jan Sep	161.25	+6.00	161.25 161.50	159.20 160.25	494	9,850 791
Jan Sep Døc	161.25 162.25	+6.00	161.25 161.50	159.20 160.25	494 1	9,858 791 188
Jan Sep Dec Total	161.25 162.25	+6.00 +6.00 +8.00	161.25 161.50 163.25	159.20 160.25 163.25	494 1 1 517	9,858 791 188 16,838
Jen Sep Dec Total	161.25 162.25 163.25	+6.00 +6.00 +8.00	161.25 161.50 163.25	159.20 160.25 163.25	494 1 1 517	9,850 791 186 16,830 (42.)
Jen Sep Dec Total M Stl.	161.25 162.25 163.25 MER CO	+6.00 +6.00 +8.00 MEX (5,	161.25 161.50 163.25 000 Tro	159.20 160.25 183.25 y oz.; C	494 1 1 517 9085/100	9,850 791 186 16,896 (02.)
Jen Sep Doc Total III Sil. May	161.25 162.25 163.25 MER CO	+6.00 +6.00 +8.00 MEX (5,	161.25 161.50 163.25 000 Tro 526.0 530.5	159.20 160.25 183.25 y oz.; C 521.0 523.5	494 1 1 1717 159 11,699	791 188 16,938 (az.)
Jen Sep Dec Tetal M Sil. May Jul	161.25 162.25 163.25 MER CO 524.7 528.5 533.4	+6.00 +6.00 +8.00 MEX (5, +1.1 +1.0 +1.0	161.25 161.50 163.25 000 Tro 526.0 530.5 536.0	159.20 160.25 163.25 y oz.; C 521.0 523.5 529.0	494 1 1 517 ents/tro 159 11,699 349	9,850 791 186 16,836 7 02.) 845 80,036 12,630
Sep Doc Total III Sill Mary Jul Sep	161.25 162.25 163.25 MER CO 524.7 528.5 533.4 538.5	+6.00 +6.00 +8.00 MEX (5, +1.1 +1.0 +1.0 +1.0	161.25 161.50 163.25 000 Tro 526.0 530.5 536.0 538.5	159.20 160.25 163.25 y oz; C 521.0 523.5 529.0 534.0	494 1 517 90ts/200 159 11,699 349 36	9,852 791 186 16,936 (az.) 845 80,036 12,630 3,364
Jen Sep Dec Tetal M Sil. May Jul	161.25 162.25 163.25 MER CO 524.7 528.5 533.4	+6.00 +6.00 +8.00 MEX (5, +1.1 +1.0 +1.0 +1.0	161.25 161.50 163.25 000 Tro 526.0 536.0 538.5	159.20 160.25 163.25 y oz; C 521.0 523.5 529.0 534.0	494 1 517 90ts/200 159 11,699 349 36	9,850 791 188 16,936 (az.) 845 80,036 12,630 3,364

ENERGY

CRUIDE OIL NYMEX (1,000 barrels. \$/barrel)

163.25 -3.75 165.50 162.25 11.851 15.777 165.25 -3.75 167.00 164.00 8,875 22,169 166.50 -3.00 167.75 169.00 1.561 6,263 168.50 -2.75 169.50 167.00 867 9,566 169.75 -2.75 170.50 169.25 479 3,585 168.50 -2.75 168.50 167.00 867 8,598 169.75 -2.75 170.50 169.25 479 3,595 171.25 -2.75 171,00 171,00 10 1,649 17,305 71,400

1.915 -0.022 1.950 1.890 21.217 32,763 1.985 -0.030 2.025 1.975 6.431 22.506 2.015 -0.025 2.040 2.000 3.036 11.503 2.025 -0.020 2.050 2.010 973 11,100 2030 -0.020 2075 2020 1.275 8,835 2035 -0.020 2055 2025 948 7,864 39,828 171,179

-0.51 84.55 61.53 16.527 33.875 -0.53 84.40 63.40 11,762 20,909 -0.15 63.55 62.80 2,307 14,362 +0.10 62.35 52.00 838 6,387 +0.20 60.70 60.50 290 4,214

Precious Metals continued GRAINS AND OIL SEEDS WHEAT LIFFE (2 per tonne)

93.90 -0.20 93.95 93.50 94 2,008 95.90 -0.20 95.90 95.90 10 418 MAIZE CBT (5,000 but min; cents/56lb bushel) 308.50 -3.50 312.00 308.50 6,388 18,673 305.75 -4.00 309.50 304.25 54,956165,312 304.75 -3.50 308.00 302.50 24,068107,595 290.25 -3.50 293.50 288.75 1,960 15,214 287.75 -3.75 291.00 286.25 14.225 71,079 293.00 -3.25 296.00 291.50 453 6.562 102,424 382,701 851.75 -6.00 864.75 842.00 4.453 4.701 855.50 -4.50 866.00 845.00 54.028 69.023 859.00 -2.00 867.00 847.00 19.000 70.046 849.00 -2.00 866.78 839.00 2.03 7.588 788.25 -9.25 803.75 786.00 2.325 4.470

735.50 -B.00 746.00 731.00 12,354 28,496 94,782 194,428 SOYABEAN OIL CET (60,000lbs: conts/lb) 25.78 -0.24 25.94 25.55 5,229 4,404 26.17 -0.16 28.26 25.35 23.202 80.844 28.54 -0.19 28.74 26.31 7,954 29.044 28.55 -0.20 28.03 28.62 1,391 4,825 26.75 -0.21 28.95 28.55 948 3,222 26.85 -0.27 27.02 28.55 540 2,813 41,759 114,872 SOYABEAN MEAL CBT (100 tone; \$/ton) 277.1 -4.9 282.0 275.5 3,127 7,658 273.8 -1.9 278.0 271.2 14,550 50,162 270.8 -1.0 275.5 287.5 7,394 29,068 284.0 -1.2 255.2 260.0 258 7,373 249.4 -3.8 272.0 246.0 958 4,990 229.0 -3.0 229.5 277.0 516 3,885 33,141 112,289

50.5 -5.0 54.8 49.0 94 842 56.7 -5.3 60.0 56.0 50 277 66.0 -5.0 - - - 2 93.0 -5.0 - - 2 53,70 -0.23 54.20 53.60 1,663 13,495 54.20 -0.20 54.55 54.15 640 12,556 54.00 -0.13 55.00 54.78 514 7,581 56.10 - - 146 5,099 - 2 19 670 193 1,781 +10 1505 1485 +10 1805 1565 +21 1575 1540 +2 1320 1310 -3 1433 1430 -5 87 116 90 31 12 FUTURES DATA
All futures date supplied by CMS.

Minor Metals
European free market, from Metal Bulletin,
§ per lb in warnhouse, unless otherwise
stated (last week's in brackets, where
charged, Andimony: 89.85%, § per borne,
2,100-2256 (2202-235), Bismuth: nin.
99.99%, bone lots 2.80-3.15. Cadmium:
min. 99.99%, bone lots 2.80-3.15. Cadmium:
min. 99.99%, bone lots 2.80-3.15. Cadmium:
min. 99.99%, bone lots 2.80-3.16. Mercury: min.
99.99%, § per 76 ib fissik, 161-171. Melybdenium: drumwad molybolic oxida, 4.404.55 (4.46-4.65). Selenium: min. 99.5%.
2.40-3.20. Tungston one: standard min. 2.40-3.20. Tungeton over standard min. 65%. S per tonne unit (10kg) WO, cit. 45-55. Vanediom: min. 98%, cit. 3.90-4.08 (3.80-4.00). Uranium: Nuesco unrestricted

SOFTS +30 7800 +29 1027 +32 1028

990 .22 1,375 997 9,067 32,806 1002 2,252 14,782 Dec Mar Total 1025 1,811 21,304 1345 36 138 140816,529 27,793 1430 2,983 18,386 1454 1,067 11,461 1481 1,197 7,209 1513 240 17,422 22,854 91,006 COCOA (ICCO) (SDR's/tonne)

+56 1305 1762 86 2.472 +48 1525 1750 3,746 25.775 +48 1620 1748 1,691 10,446 +40 1800 1735 1,128 4,701 +40 1750 1713 142 2,250 +40 1705 1705 20 519 COFFEE 'C' CSCE (37,500lbs; cents/lbs) 219.00 +3.50 221.00 215.00 275 1,131 203.15 +3.85 205.40 198.25 0,670 22,751 188.35 +2.20 188.40 183.00 2,159 7,823 173.10 +2.20 174.50 170.50 554 4,546 158.40 +2.40 158.00 153.90 298 3,081 140.25 +3.00 147.00 146.00 35 735 12.94 40,235

305.8 -3.2 310.0 306.8 426 14,245 305.2 -3.2 306.2 307.0 30 4,489 301.0 -3.1 303.7 303.4 6 3,063 300.7 -2.2 302.9 302.9 2 893 302.0 -2.2 302.9 302.5 8 526 301.0 -1.2 - - 159 302.0 -2.2 302.9 302.5 8 526 # SUGAR "11" CSCE (112.000lbs; cents/lbs)

10.92 -0.11 11.07 10.89 8.538 74.780 10.65 -0.12 10.73 10.84 3.031 33,675 10.57 -0.12 10.70 10.57 1,611 24.790 10.56 -0.10 10.59 10.55 405 11.347 10.55 -0.08 10.56 10.55 63 1,910 10.55 -0.08 10.56 10.56 80 931 COTTON NYCE (50,000fbs; cents/fbs) 77.85 -0.30 77.95 77.9021,129 35,198 78.41 -0.40 76.76 76.30 7,009 15,427 78.20 +0.10 76.20 77.85 114 1,402 78.26 +0.02 78.55 77.85 4,678 19,626 79.00 +0.13 79.00 78.65 144 1,351 79.37 +0.97 79.20 79.00 17 471 ■ ORANGE JUICE NYCE (15,000lbs; cants/fbs)

83.40 - 84.85 83.00 185 413 81.55 -3.45 82.75 79.50 1,887 16,131 84.20 -3.00 88.50 82.50 498 5.124 85.20 -3.05 75.00 84.50 47 3,546 88.40 -3.10 90.00 88.00 1 1,023 90.00 -2.85 90.00 90.00 26 670

ATAC SMULLOY Open Interest and Volume data shown for contracts traded on COMEX, NYMEX, CST, NYCE, CME, CSCE and IPE Crude Oil are one day in arreans. Volume & Open (nteres) totals are for all traded months.

M Reuters (Base: 18/9/31 = 100) Mar 11 Mar 10 month ago 2012.4 2003.2 1954.8

CRS Putures (Base: 1967 = 100) Mer 10 Mer 7 month ago year ago 247.19 245.37

MEAT AND LIVESTOCK

group metals.

III LIVE CATTLE CME (40,000lbs; centa/lbs) 68,700 +1.000 68,750 67,750 9,058 39,616 65,190 +0.500 65,200 64,650 4,003 23,497 63,600 +0.250 63,875 63,450 2,120 19,835

PORK BELLIES CME (40,000lbs; cents/lbs) 75.475 +1,150 75.650 74.000 449 78.500 +0.825 76.900 75.100 2,088 76.500 +0.525 76.800 74.900 488 73.750 +0.050 74.250 73.250 98 67.550 +0.950 67.550 66.900 2 LONDON TRADED OPTIONS

COCOA LIFTE May 64 44

LONDON SPOT MARKETS III CRUDE OIL FOB (per berrel)

\$17.59-7.80w \$194-198 MATURAL GAS (Pence/therm)

9.80-10.00 -0.10

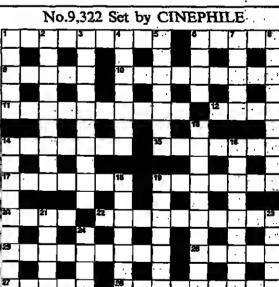
9.835 Gold (per troy oz) \$
Silver (per troy oz) \$
Platinum (per troy oz.)
Paliadium (per troy oz.) \$351.16 \$157.50 +6.50 121.0c 45.00c 14.27r Lead (US prod.) Tin (Kuste Lumpur) Tin (New York) 272.50 -1.00 Cattle (tive weight) Shaep (live weight) Pigs (live weight) 98.46p 148.38p 84.92p Lon. day sugar (raw) \$275.00

Ung Rubber (Apr)♥ Rubber (May)♥ Aubber (KL RSS No1) 752.5y 570.0 \$495.0y Coconut Of (Philis Perm Oil (Malay.)§ Copre (PNIP§ Soyebeens (US) 4180

-1,025 -280 JOTTER PAD 1.0 "The key to success is your passion."

KAZUO INAMORI, founder of Kyocera

CROSSWORD



C stands for the same word wherever it occurs in the Spooner's firm rule has the luck of the draw (4,5)

employed (9)

11 What Cs do when in condition is awfully lurid (10) 12, 14 Rotten rags lead cus-tomer to something like C 15 Part of the use biographer makes of footballer (7) 17 No way drink can be a supposed remedy (7)

19 Prime ministe unadorned success (7) 22 Cs jump and trot wildly about - period (10) 25 Fresh air in Zermatt end-

lessly used by Dante (5,4) 26 Risk losing head by being 27 Mistakes at C (5) 28 Complex fellow, Eddy is mixed up (4-5)

1 Place for most of Cs relative (5)

2 Well-known, and not with golden accounts (9) 3 Saint with a role: don't join

4 Governor imprisons very

6 Throw out old cross (5)
9 Church garment takes most of small house (5)
10 I'm not in at C, and I'm self

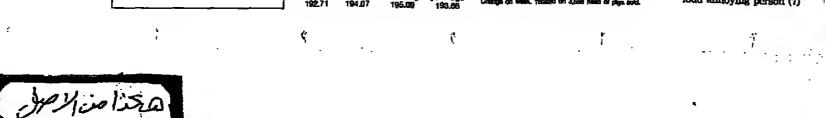
8 Passes on early (5.4)
1 Displace a Search of classic 8 Passes on easily (5,4) 13 Displaces a form of classi-

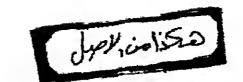
cal verse (10) 14 What's wrong with Amer-ica? It is trouble in the 19 Bandy - urged to take part in C first (3-6)

18 A thousand and six collide with rising political theory minister's 19 Expression of contempt for

water in the Gulf (7) 20 All quiet at the reservoir 21, 12 Carnival month for artist in lodgings (5.4) 23 Assistance surrounds beginners of C sharp (5) 24 Takes part in C, being crazy (4) crazy (4) Solution 9,321

SOLUTION SECTION OF SE





Traders seek new forex trends

AL TOMA

Marine St. Co. Market Market Contract Market 17 1425 20 V

TAL MARKE

to the same A Property of Marie 12 No. 2 and 10 a

Marita . English

新 独 (2) Market Allerton 4 20 The Land

4 pfennigs in two days. But the market was mainly quiet but still fragile. as traders searched for new trends on leading currencies.

The pound gained 0.9 pfennigs against the D-Mark to pen on time, but traders did so yesterday when the close in London at DM2.737. The dollar seesawed against the yen, falling as ing to market talk of recent ceiling of virtually all of Japanese machinery orders for January emerged strong but rising on reports of a nuclear accident in Japan. Traders said there was buying of the dollar on dips, and the currency found support against the D-Mark at DM1.6980. The dollar also benefited as the yield gap between US and German ten-100 basis points. The US currency ended the day fractionally firmer against both DM1.705 and Y121.9. "The

POUND SPOT FORWARD AGAINST THE

markets are consolidating," Sterling rallied yesterday said the German and Japa- tom of the European moneafter plummeting more than nese economic recoveries tary system's grid. The lira,

French and German officials insisted that European

It is rare to see the Bank monetary union would hap of France selling francs. It shrugged off the comments. franc rose against the The officials were respond- D-Mark to FFr3.3712, near its shrugged off the comments. weeks that Emu will be delayed. Several of the officials said that countries could deviate slightly from the fiscal criteria laid down for Emu qualification. Mr Guntram Palm, a Bundes-bank council member, called speculation about an Emu delay "totally misplaced".

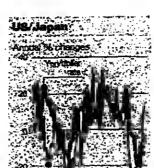
Wer 11		Pres. close
2 spot	1.6050	1.6035
1 000	1.6046	1.6026
3 arth	1.8025	1.6010
1 yr	1.5970	1_5949

The Bank of France was said Mr Joe Prendergast, for- seen selling French francs in eign exchange strategist at the market, to smooth the Merrill Lynch in London. He currency's rise from the botwere now clearly underway . which softened slightly, took last place in the grid.

> 1996. The franc anded the day at FFr3.372 against the D-Mark, up from FFr3.373 on Monday. Foreign exchange strategists predict that the currency will probe higher.

> The main spur for the franc's rise is that it had fallen to the bottom of the European monetary system grid. At one point last week punt, the grid's strongest

ing. Most people in the mar- buyers.



ket still expect Emu to happen on time. They expect the

franc to be part of Emu's first wave, as France is more likely than Germany to meet the qualification criteria. French economic data have it stood 12 per cent below its improved of lata, and 4CAST, the economic consultancy, points out that French stocks have surged That prompted franc buy- this year with many foreign

Europe Austria Beiglum Denmari Finand France

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

6.5035 +0.0082 025 - 045 5.0321 +0.0106 881 - 961 5.7498 +0.0053 490 - 505 1.7055 +0.0023 052 - 058

0,9986 -0.0001 996 - 996 1,0535 +0.0008 534 - 536 1,3663 -0.0046 660 - 685 7,9658 +0.03 810 - 900

1.7055 +0.0023 052 - 058 1.7079 1.8882 267.400 -0.12 340 - 480 269.480 265.090 2 1.5033 +0.0028 595 - 610 1.5638 1.5558 1

0.9998 1.0536 1.3715 7.9900

"If you think Emu will go may well resist a rising ahead, you want to buy the franc. 4CAST believes the weakest of the core curren- bank will let the currency cies," one strategist said yes- firm, but that it will try to terday. "And the French prevent volatile moves. franc has liquidity."

CURRENCIES AND MONEY

dicts that the franc will rise the last decade. to nearer its central rate ultimate target for the pres- falls too. ent buyers of the franc, are at FFr3.370 and FFr3.3680 to the D-Mark

E OTHER CURR

35.13

268,855

268.655 -7.0 271.525 1.5590 0.3 1.5590 1700.6 -2.1 1705.45 35.15 2.0 35.0025 1.9161 2.4 1.9081 6.8121 0.7 6.8094 171.28 -0.9 171.43 144.84 -0.8 144.96 7.6318 0.4 7.622 1.4699 3.9 1.4605 1.8043 0.7 1.6025 1.8043 0.7 1.6025

1.2625 -0.7 1.2633 -0.5 7.7429 0.0 7.7435 0.0 36.08 -7.2 36.52 -7.5

6.4754 5.0689 5.7292 1_8982

0.8998

Since Friday hedge funds
The chart accompanying and investment banks have this report shows how been buying francs for closely the dollar/yen rate D-Marks, lira and Irish has tracked moves in the USpunts. The strategist pre- Japanese trade balance over

When Japan's trade surwithin the European plus with the US rises, the exchange rate mechanism of yen also rises. When the sur-FFr3.3588 against the plus falls, as it has for most D-Mark. That level is the of the last two years, the yen

In recent days the yen's although the first key tests fall seems to have stalled and the currency has traded in a tight range against the For the Bank of France dollar. Deutsche Morgan Grenfell, which provided the the yen may now rally against the dollar as Japan's trade surplus with the US grows. Because of the yen's long slide, the surplus is predicted to keep rising in com-

MONEY RA								
March 11	Over	One	Three mths	Sec	One	Lomb, Inter.	Dig.	Repo
Beigkum	32	315	314	3%	3%	6.00	2.50	-
France	31/	314	34	374	35	3.10	-	4.75
Commony	3.	34	34	3.	313	4.50	2.50	3.00
Iroland	54	54	SE.	51	57	-	-	6.25
paly .	7%	74	75	74	68	8.25	6,75	7.35
Netherlands	3,	32	3,7	32	3.	-	3.00	3.30
Switzerland	134	15	15	12	15	-	1.00	-
us	514	5%	5%	53	55	-	5.00	-
Japan	2	2	3	ų	. 3		0.50	
# \$LEBOR FT Lo	ndon							
Interbenk Fixing	-	5ú	54	50	6	-	_	_
US Dollar CDs	-	5.18	5.25	5.35	5.61	-	-	_
ECU Linked Ds	-	45	42	4.	45	_	-	
SDR Linked Da	-	3⊈	3%	4 ₃ .	3	-	-	-
5 UBOR Interbent, reference benks at Mitsubishi, Berclays Mid rates are shown	and Name	sh working onal West	g day. 11 Minster.	he banks	aro. Ba	nkara Trus	st. Bark	of Tole
EURO CUR	REN	Y IN	TERE	ST F	ATE	S		
Mar 11	Short	7 day		One	Three	Se	K	One
	terro			onth	months	a more		VBOT

-			ans u			INCHE STE SEE	for the deal	sestic Money	Plantes, USS CI	DE ECU & SI	OR Linked De	posite (D-y
	plus wi					RO CILI	RRENC	V INT	REST	PATES		
- •	yen also plus fal				ш-		Short	7 days	One	Three	Sox	One
_	of the h				rost		term	notice	month	months	months	year
	falls to	13L LW	O Aesta	s, me y	Belos	in Franc	34 - 5	313 - 312	3,4 - 3,7	3, 3,	345 - 343	513 - 343
			days t	ho m	Dens	h Krone	316 - 312	313 - 312	35g - 312	314 - 315	353 37	34 - 35
						an Mark	34 34	31 . 316	314 . 314	316 316 314 314	311 - 314	313 - 319
	all sea					Guilder h Frenc	314 · 314	34 34	3/2 · 3/2	34 34	32 - 32	313 - 313 313 - 313
	in a tig					gueed Esc.	64 61	64 - 64	613 - 64	66 6.	6, 6	64 - 50
	dollar.				Spent	sh Pesuta	512 - 514	534 - 534		61 61 51 51	542 - 541	6) - 5) 5) - 5%
	Grenfel				1 2000	ng Franc	2 - 13	8 · 5%	2 14	64 64 13 13	616 - 64 17 - 14	615 · 615
	hart, s					dan Dottar	5 - 212	31 23	31 - 215	34 34	34 34	112 - 112 312 - 312
	the ye				Ily US D	oller	54 54	533 - 54	543 - 543	314 · 314 515 · 516 715 · 714	511 - 531	6 - 513
	gainst				- Questi	Line lese Yen	5 - 5 - 5 - 5 - 6 - 6 - 6 - 6 - 1 - 1 - 2 - 2 - 2 - 2 - 2 - 2 - 2 - 2	73. 74	738 - 714	744 - 714	3 . 4	7 - 633
	rade s					\$Sing	22 24	31 13	3 - 23	3/4 - 3/4	34 34	3% · 3%
•	TOWS.				o Short	torm rates as	ne call for th	e US Dollar	and Yen, or	ners two de	TOTAL	
	ong slie					REE MON	ORIGINAL HTT	R PUTUR	S (MATIF)P	ens Interber	nk offered ro	te
9	licted t	o kee	p rising	g in co	200-	Opt			_	LOW	Est. Vol	
i	ng mor	oths.			Mar	96.0					6,587	41,762
_					- Sep	96.5 96.4					17,797 8.028	65,832 42,597
									TURES (L			
_	_		_	_		Ope				Low	Est, vol	
EPA	Three in	%PA	Dre year		egen dex Apr	96.7			96.74	96.72	150	7306
FA	Rate	TOPA	Rate	%PA Inc	Jun	98.7	96.7			96.71	30094	197089
1.5	11,9432	2.0	11.7482	21 10	Sep	96.6	96.6			96.60	26839	173136
2.0	35,0025	2.1	34,4525	21 10		96,4				96.42	27137	188812
1.6	6.4762	1,7		1.7 10	25.1				HOURS (LIFF			
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2.3	1.6958	2.3	1.0621		Mar M.B Apr	96.7	96.7 6 96.7		1 98.76	96.75	D 149	19015 4516
-7.0	271,525	-6.2	282.55		6.1 May	96.7			96.78	96.78	100	3997
0.3	1.5593	0.3	1.5806	D.D	· Jun		96.7			•	ō	510
-2.1 2.0	1705.45 35.0025	-1.8 2.1	1715.25 34.4625		3.5 TH	REE MON	MA BURG	LIRA FLI	URES (LIF	FE) L1000	m points of	100%
2.4	1.9081	2.5	1.8725		2.9	Ope	n Sett p	rice Chan	ge High	Low	Est voi	Open int
0.7	6,8084	0.6	6.7808		Mer B.F	82.7			3 82.75	92.87	5529	81237
-0.9 8.0-	171,43	-0.7 -0.6	171.155		7.5 Sen	93.1				93.04	14547	102815
0.4	7.622	0.7	7.5746		4.6 Dec	93.4 93.5				93.28 93.37	8372 5965	47877 34139
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0.7	1,6025	0.7	1,5957		7.0							
-1.2	1,1439	-1.3	1,1592	-1.7		Ope 98.1		rice Chan 9 -0.0		98.09	Est, vol 2669	-
					Mar	98.1			4 96,18	98.10	13948	28221 37531
-		-		•	Sep	98.1				98.05	3222	20584
2.5	1,3582	2.4	1.3368	22 8	5.2 Dec	98.0	2 97.8	4 -0.0	99.04	97.94	2035	14035
17.7	8.37	-19.3		-15.8	SZ TH	REE MON	TH EURO	YEK PUT	JRES (LIFE	E) Y100m	points of 16	20%
•				- 10	4.8	Ope	n Sett p	rice Chan	ge High	Low	Est. vol	Open int
	- 0500	0.5	- 0000	A F 44	Mar	99,4				99,44	240	n/2
-0.7 0.0	7,7435	-0.5 0.0	1,2688 7,7545	-0.5 10	- CILLI	99.4				99,41	3000	n/a
-72	36.52	-7,5			Sep	99.3			1 99.31 (LIFFE) Ecu	99.31	500	n/a
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-1.4 -1.9	1,4286	-1.9	1,4493	-1.9	Mar	95.7				95.72	1047	8693
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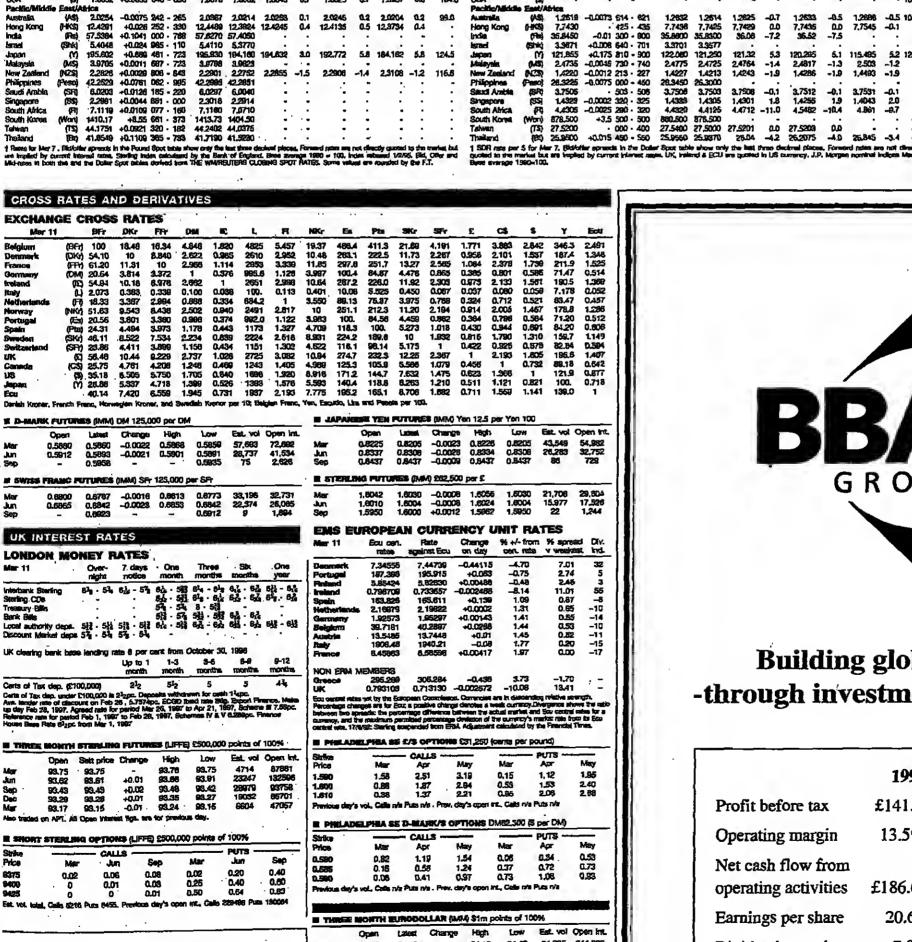
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Derumerk	(DK/)	10,4394	-	252 - 4			10.4174		10.2739	2.5	10.1639	2.6	105.7
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France.	(FFr)	B.2295		280 - 3		9.1780	9.2073	2.9	9.1837	28	8.9486	3.1	1064
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Greace	Dri	429.231		027 - 4						_			66.5
Ireland	(02)	1.0289		281 - 2			1,0296	0.3	1.0277	0.5	1.0211	0.5	102.5
Italy	L.	2724.99		375 - 6				-1.5	2733.24	-1.2	2736.04	-04	76.0
Luxembourg	(LFri	55,4870		408 - 3			56.362	2.7	56.102	2.7	54.777	30	103.5
Netherlands	(FI)	3.0818		804 · B			3,0797	3.2	3.0579	3.1	2.9824	3.2	103.0
Norway	(NKr)	10.9408	+0.004				10.9183	_	10.8878	2.7	10.6423	2.7	102.5
Portugal	(Es)	274,730		581 - 8			274.87	-0.6	275,155	-0.6	1000120		94.7
Scalo	Pts	232,358		216 - 4			282,487	-0.7	232.353	0.0	230.B7B	0.6	77.7
Sweden	(SKr)	12.2551		470 - 6		12.1525	12.2361	1.9	12,1986	1.9	12.0008	21	84.5
Switzerland	(SFr)	2.3672		858 - 6			2.3584	4.5	2.3405	4.5	2.2583	4.7	102.6
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Hong Kong	(HKCS)	12,4291	+0.026	252 - 3	30 12,4489	12,3824	12.4245	0.4	124135	0.5	12,3734	0.4	
nda	(Pis)	57.5384	+0.1041	000 - 7	88 57 <i>,6</i> 270	57.A050						-	
stack	(Shk)	5.4048	+0.024	965 - 1	10 5,4110	5,3770							
Japan	m	195,602	+0.680	461 - 7	23 195,930	194,160	194,632	3.0	192,772	5.8	184,162	5.8	124.5
Malaysia.	OMS	3.9705	+0.0011	687 - 72	23 3,6798	3.9823	-	٠.		•			
New Zealand	(NZS)	2,2826	+0.0029	808 - B	43 2,2901	22752	2.2855	-1.5	2,2906	-14	2,3108	-12	116.5
Philippines .	Pesol	42.2529	+0.0761	062 - 9	15 42.2995	42,2851					•	•	•
Saudi Arabia	(SRI)	6.0203	+0.012A	185 - 2	20 8.0297	6,0040							
Sinoacore	(335)	2.2991		881 - 0		2.2914							
South Africa	(FI)	7.1110		077 - 10		7.0710							
	Wani	1410.17	+8.55			1404.50			_	_	_		
Selvern	(27)	44,1751	+0.0921			44,0375			_				
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BASE LENDING RATES

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Profits, earnings, margins, dividends and cash flow have continued their healthy improvement

FINANCIAL TIMES WEDNESDAY MARCH 12 1997 26 FT MANAGED FUNDS SERVICE Offshore Funds and Insurances FT Cityline Unit Trust Prices are available over the belephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more det \$14.00 \$14.00 \$17.21 \$14.00 \$14.00 \$14.00 \$14.00 US Equity 21.48
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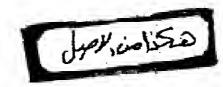
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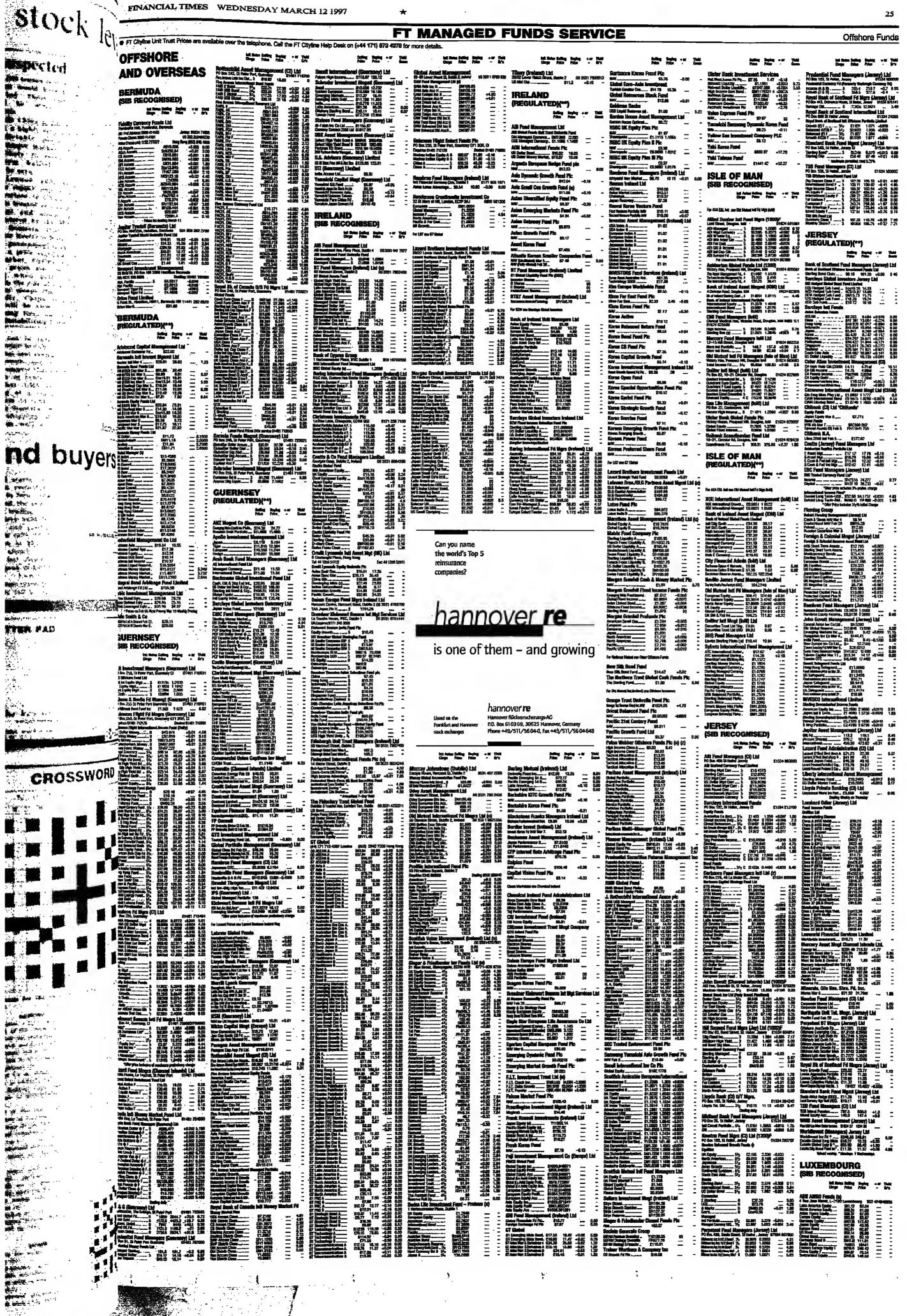
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LONDON SHARE SERVICE

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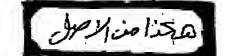
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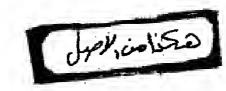
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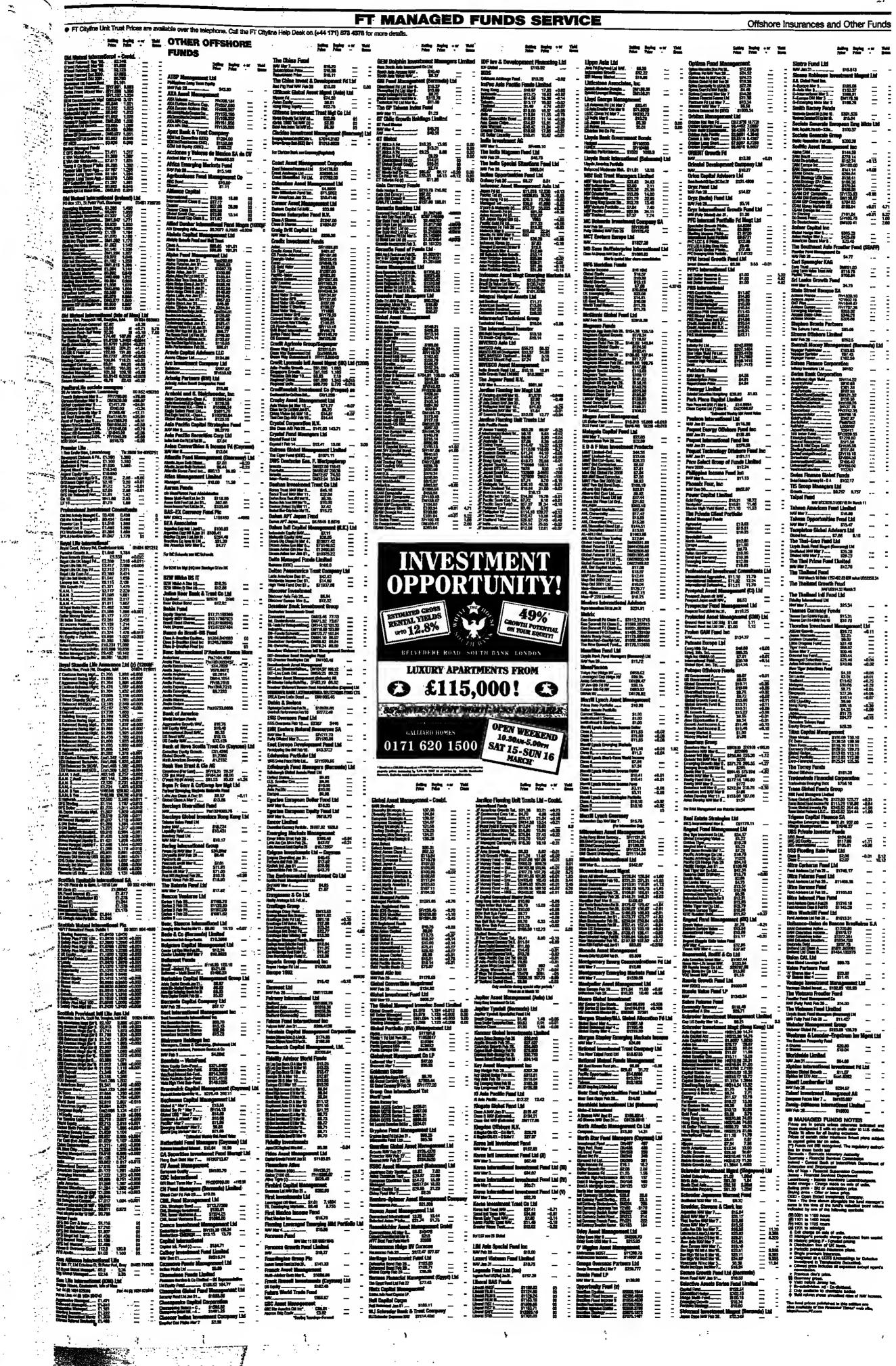
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For further details, please contact.
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LONDON STOCK EXCHANGE

UK stocks hit by late sell-side programme

By Steve Thompson,

A heavy trading programme, weighted to the sell-side - said to have been executed by Merrill Lynch - took much of the shine off the latest advance to record intra-day and closing highs by the London market yesterday.

Although all the top indices closed well below their best lev-els, they nevertheless managed to record all-time closing highs for the sixth straight session, hitting intra-day peaks on the way.

The FTSE 100 index settled 6.9 ahead at 4,444.3, having rushed

exuberance yesterday morning.

The FTSE 250, meanwhile, only tust managed to stay in positive ground, finishing 0.2 firmer at 4,729.4, well off the day's high of

The SmallCap put on the strongest showing of the day, ending 4.8 to the good at 2,370.9, only a fraction below its intra-day peak of 2.171.0.

4,736.2

Earlier, it was "all systems go" with marketmakers having to hoist their opening levels in response to Wall Street's seemingly relentless march towards its next goal - 7.100 on the Dow Jones Industrial Average. Fuelled by yet more talk of job

plus another set of reassuring company reports, the big institutions continued to pile into equities, frightened to miss out on the surge in global stock markets. Talk of sizeable rights issues was also doing the rounds.

Dealers said it was becoming increasingly obvious that marketmakers are having to bid aggressively for stock to replenish their trading books after each upward move by Wall Street exposed short positions adopted the previous day. "Marketmakers do not want to go home either too long or too short of stock in such dangerous markets; the idea is to

off a level-to-slightly-

centrated mostly in the drug and US rates are set to rise over stocks, where Glaxo Wellcome built on Monday's rally and hit uncertainties will bedevil the UK another closing record after good news on one of its new drugs.

On the downside, Zeneca tumbled after a strong start, bumbled by a flurry of profit-taking despite excellent results Biotech stock Scotia saw its shares plummet after disappointment involving its diabetes treatment.

shares, boosted by hig business in the Edinburgh Tiger and Dragon Trusts.

The strategy team at NatWest Securities said it was concerned

to the oil-rich deep-water fields in the Gulf of Mexico.

And the feeling is that it

announce a rights issue and

British-Borneo has been

cited as a prime target and

yesterday its shares went up

a further 671/2 to 1,425p. But

some analysts feel it is now

looking too expensive and

Enterprise would be more

likely to go for an overseas

Meanwhile, Premier Oil

slipped 11/2 to 361/2p as Nat-

West expressed doubts over

the company's "ability to

improve its dismal explora-

Kingfisher hardened 10 to

690p, with strong buying

ahead of results next week.

Analysts said the feeling was

that the retailer had done

an offer for a rival.

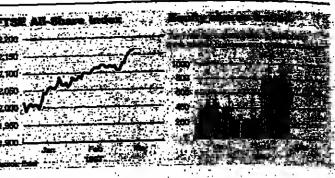
company.

tion records".

up to 4,466.3 in the first flush of imminent takeovers or mergers, short book," said one dealer. that the market had "run too far The day's big stories were con- in the short term", adding: "UK the next few months; political market; while the strength of sterling will elicit further profit downgrades."

> But the NatWest team stressed that these were all short-term worries which will have eased by the end of the year, allowing the bull market to reawaken.

It emphasised strong cash flow, Turnover at 6pm was 1.11bn supported by the growing awareness of the need to provide personal pension provision. "Any weakness should be considered a buying opportunity," the strate-



SAR TOG LEG				100 200
100 250 350 All-Share All-Share yield	4444.3 4729.4 2194.3 2163.94 3.50	+6.8 +0.2 +2.7 +2.81 3.51	FT 30 2927.9 FTSE Non-Fine p/e 18.86 FTSE 100 Fut Mar 4431.0 10 yr Gitt yield 7.30 Long gill/equity yld ratio 2.09	18.98 +11.0

FUTURES AND OPTIONS

Open Sett price Change High

FTSE 250 INDEX PUTURES (LIFFE) \$10 per full index point

4431.D +11.D 4448.0 4452.5 +11.5 4469.0

+12.0

FTSE 100 INDEX OPTION (LIFFE) (*4443) \$10 per full index point

■ EURO STYLE FISE 100 INDEX OPTION (LIFFE) £10 per full index point

1 Gas Distribution

Vol. Closing Day's DODs price change

Footsie fear for Hanson

By Peter John and Lisa Wood

Hanson, the one-time conglomerate now reduced to a building company, was last night staring its future as a FTSE 100 component in

One of the longeststanding members of the blue-chip index, Hanson yesterday languished well down in the relegation zone. Whether it slips into the comparative obscurity of the FTSE 250 todex depends on movements in Compass, the contract catering group.

At the last official count, on Monday night, Compass stood 93rd in the market valuation rankings, It needs to reach 90th or above to be voted in by the indices steering committee, which meets this afternoon.

Yesterday the shares lifted 91/4 to 716p, which raised its capitalisation by £30m to £2.274.7m. Hanson improved

Meanwhile, it seemed relatively certain there would be at least one change in the and would act as the refer-Rootsle, British Land, the property group is destined to enter and Argos, tha discount retailer, appears likely to drop out. British Land rose 51/4 to 5551/4p and Argos

Zeneca prompted a continua. Amro Govett.

tion of the swings and roundabouts trend established by Glaxo Wellcome last week. However, where Glaxo rose and then fell, the reverse was true of Zeneca. The shares hit a new peak of 1,938p in early trading and then slid back to end the day

a net 42 off at 1,860%p. Profits were in line with the range of analysts' forecasts, as was the 13 per cent rise in the dividend.

To a certain extent, the fall reflected little more than profit taking. But some analysts said their meeting with the company left them with doubts about long-term growth potential. It became clear during the meeting that there would be a big gap between the first and second wave of new prod-

One analyst also apparently argued that the rating was too high, as profits would for some time focus on the agrochemicals, which tend to command a lower

Meanwhile, Glaxo gained ground again with the help of broker opgrades after strong results last week. In addition, Sweden gave

Glaxo approval to market Naramig, a treatment for migraines. Sweden is the first country to grant regulatory approval for the drug ence member under the European Commission's mutual recognition procedures. Glaxo shares gained 361/2 to 1,154p, a closing peak.

SmithKline Beecham lifted

6 to 9461/2p with the belp of a recommendation from ABN The latest figures from

HSBC, the world's largest production group is building bank and the most highly capitalised UK quoted company at above £40bn, saw its value improve further yesterday. The ordinary shares movad forward 11% to might use the opportunity to

1,615%p. Dresdner Kleinwort Benson has issued a big strate-gic assessment of the bank which stresses its "buy" recommendation and targets a share price of between 1,850p and 1,950p.

The bank has been the focus of some feverish rumours which concentrate on it either buying into insurance or expanding its broking coverage. One of the more dramatic ideas going round is a bid for Merrill Lynch, the world's biggest broker.

Enterprise Oil, which is to publish figures tomorrow, shed 15 to 622p on speculation that the exploration and

	Mer 11	Mar 10	Mar 7	Mar 6	Mar 5	Yr ago	'High	'Low
FT 30	2927.0	2931.4	2920.3	2911.5	2892.5	2729.9	2927.8	2668.8
Ord, div. yield	3.84							3.76
P/E ratio net	18.09	18.07	17.97	17.88	17,78	16.46	18.09	15.80
P/E ratio nii	17.87	17.84	17.75	17.56	17.54	16.13	17.87	15.71

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		2010	

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Equity be				_	NA	39,653	47.A	159	7,459	40,574
Sheres to				-	NA	748.4	60	4.6	804.6	5723
†Excluding			d overse	es tunt	Wer.			_		

	London	nantosk	data
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Total Rises		Total Highs	270	Total contracts	65,044
Total Fals	395	Total Lows	24 .		47,177
Some				Puts	17,867
Mer 11 'Data t	assed on E	duity shares listed	on the Lo	Indon Shere Servi	DB.

well; they tended to reject up for a bid. Analysts say it rumours that it might desperately needs exposure acquire the Littlewoods chain of stores. One said Kingfisher was telling the 215½p. market that its focus would be on Europe, DIY and elec-

> said the analyst, did not fit in with this scenario. Marks and Spencer fell 7% to 496p in the wake of the British Retail Consortium's retail sales monitor. One analyst said the suggestion that food price inflation was easing was not advantageous to M & S's food business. Margins in food were keen,

trical retailing. Littlewoods.

he said, and it was more difficult to increase prices if inflation was coming down. J. Sainsbury fell 31/2 to 310p, a move attributed to comments by the retailer about its Shaw's business in

Connecticut during an analysts' visit to its stores earlier this week. One analyst said that Sainsbury had put flesh on the bones of cautious comments about the US business that it had made in January, when it issued a profits warning. The analyst said he did not know of any changes in forecasts but that sentiment towards the group had been slightly

Guinness softened 9 to part of a large programme trade. Some 1.6m shares were traded at 475%p.

Yates Brothers Wine Lodges hardened 21/4 to 480p. NatWest Securities, in a note, reiterated its "buy" recommendation on tha stock which has strongly outperformed the market since it achieved a full list-

ing via a placing in mid-1994. Midland Independent Newspapers beld firm at today with support from persistent speculation that Mirror Group intends to make an offer. One analyst

FTSE 100

FTSE Actuaries Share Indices

said Mirror might be waiting to see if Midland's results reveal any financial skeletons. Mirror improved 4 to

Sims Food eased 21/2 to 30%n after the meat processing group announced it had uncovered a breakdown in financial controls at its processing plant in Carnaby. Stock values had been overstated. However, the directors said they did not expect the group's operating results to differ materially from market expectations.

Associated British Foods rose 8 to 5011/p. Analysts said thera was a silly rumour" that it was going to hid for Reckitt & Colman. One analyst said the two were in completely different businesses and the speculation had no credibility. Reckitt slipped 6 to 797%p.

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FT GOLD MINES INDEX

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The UK Series

Stadium Sydney Olympic Stadium

A\$600m Project Finance Founder

Underwriter

Joint Financial Adviser

Melboume Toliway A\$1,780m Project **Finance** Financial Adviser

Underwriter

TRANSURBAN

CITYUNK



Satellite Operator

US\$250m **Project Finance** Financial Adviser

LONDON

International Infrastructure Investment Trust A\$300m Flotation

Trust Manager Underwriter

John Caldon (02) 9237 3333

Steve Allen (0171) 776 7000

NEW YORK Anthony Kahn (212) 605 9750

Macquarie Corporate Finance



Restructured Obligations

CREDIT LYONNAIS USD 60,000,000.

FRN Undated

informed that the rate

Nº11 has been fixed at 6,55 %, for the period,

starting on 11th March 1997 undi 10th Septemb

184 6

1997 (inclusive) and epresenting a period of

The Coupon N°11 will be payable at the price of USD 33,477.78 on 11th

Fiscal and

Principal Paying Agent

CREDIT LYONNAIS
LUXEMBOURG S.A.

olders are bereby

icable for the Coupon

Senior Assets, B.V. fursuant to the Indenture dated

Mey 1, 1990, as amended and restated as of June 15, 1990, between the Issuer and State between the Issuer end Stete Street Bank and Trust Company, as Trustae, notice is hereby given that for the Interest Accrual Period March 10, 1997 through June 3, 1997, the rates applicable to the Secured Senior and Secured Senior Subordinated Floating Rate Notes are 5.8625% and 6.3125% associately.

The Financial Times plans to publish a Survey on Guernsey

on Monday, March 24 For further details plea Felicia Kay Tel: 0171 873 4199

Fax: 0171 873 3204

or your usual Financial Times representative FT Surveys

+0.2 2366.14 2362.66 2360.06 2054.09 2.67 18.05 23.99 2.87 18.62 28.00 20.07.73 +0.1 2373.96 2371.25 2389.11 2041.97 3.05 1.86 25.87 18.62 28.07 FISE 350
FISE 350 Higher Yield
FISE 350 Lower Yield
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FISE AB-Share lustry Sectors I FTSE Actu Day's Year Div. Net P/E Xd adl. Total Mar 11 chge% Mar 10 Mar 7 Mar 6 ago yield% cover ratio ytd Fletum -0.7 4156.55 4132.56 4089.84 3227.09 3.63 2.10 16.39 16.36 1817.50 +1.7 4086.31 4095.64 4074.12 4186.03 3.86 2.53 13.78 0.00 1241.89 -0.9 4287.03 4256.61 4207.92 3249.96 3.83 2.08 15.69 20.17 1922.16 -1.7 3562.04 3561.94 3534.51 2226.31 1.55 1.88 42.96 0.00 2141.42 10 MINERAL EXTRACTION(20) 12 Extractive industries(6) 19 Of Exploration & Prod(12) -1.7 3382.04 3501.95 3593.1 2259.31 1.55 1.69 4.230 0.00 2141.42 +0.2 2006.38 2052.08 2042.98 2057.75 3.81 1.90 17.28 5.65 1162.09 +0.1 1368.74 1370.04 1375.20 1127.83 3.00 1.78 23.42 1.89 1177.95 ... 1831.30 1925.15 1831.89 1832.76 4.13 2.54 11.94 1.00 988.47 +0.3 2377.49 2359.68 2367.30 2541.07 4.38 1.58 18.30 24.03 1168.49 +0.1 1394.72 1566.07 1518.52 1775.54 4.48 1.80 15.43 4.02 \$26.08 +0.1 12276.48 2277.92 2287.43 2281.10 3.44 1.50 24.02 1.74 1911.95 +0.4 2843.57 2814.98 2810.11 2315.93 3.14 2.44 18.30 7.09 1647.27 +0.5 2971.57 2952.70 2912.94 2763.78 3.70 0.16 80.001 3.02 1578.48 +0.4 2077.55 1073.87 1075.91 1482.53 6.52 1.32 14.55 2.25 681.19 4.05 5424.74 4.199.44 4.162 20.3571.85 3.85 1.87 18.93 19.07 1819.07 20 GEN PHOUSTRIAL 9(272)
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Hourty movements

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HATTERMA

INTERNATIONAL

U.S. \$250,000,000

Westpac Banking Corporation Floating Rate Notes due 1997

In accordance with the provisions of the Notes, notice is hereby given that for the Interest Period from March 12, 1997 to June 12, 1997 the Notes will carry an Interest Rate of 5.9125% per annum. The interest payable on the relevant interest payment date, June 12, 1997 will be U.S. \$15.11 per U.S. \$1,000 Note, U.S. \$151.10 per U.S. \$10,000 Note, U.S. \$1,510.97 per U.S. \$100,000 Note.

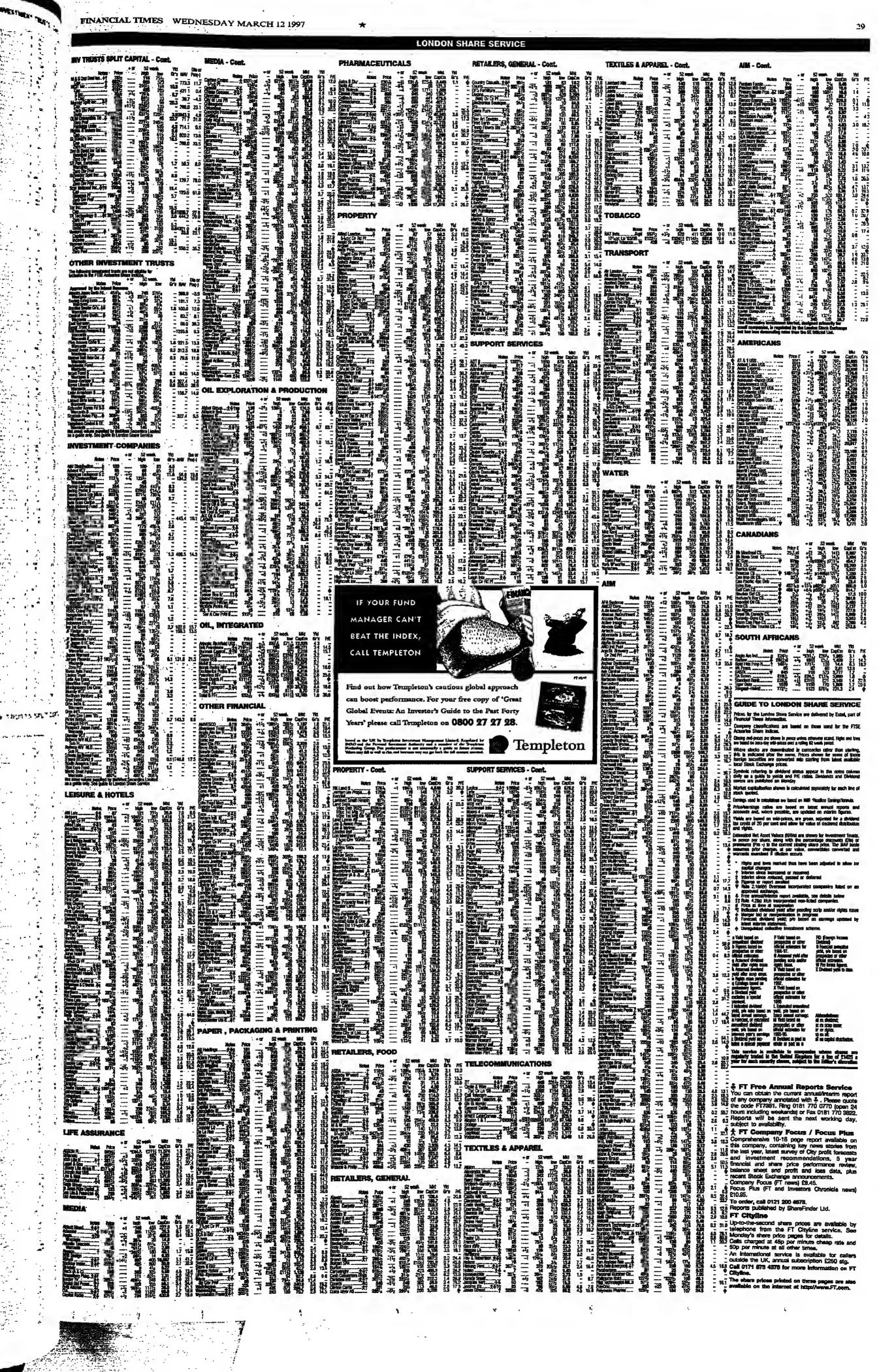
By: The Chase Manhattan Bank London, Agent Bank

CHASE

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DOMUS MORTGAGE FINANCE NO.1 pic Mortgage Backed Floating Rate Notes due 2014

In accordance with the conditions of the Notes, notice is hereby given, that for the three month period March 10, 1997 to June 10, 1997 the Notes will carry a rate of interest of 6.6 per cars, per annum with a coupon amount of Dv: The Chase M O CHASE March 12, 1997



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BOOK THEFT TO THE TEST

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TREADY THE LEW STREET, SIGNA 2015, CONTROL 2

4 par close March 11

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GUEST.

FOUR FOUR SEASONS

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FINANCIAL TIMES

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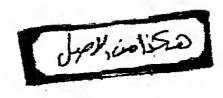
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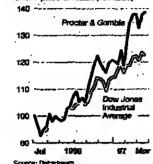
Dow eases in range trading

US shares were mostly flat tled into a range after Mon-

day's strong gains, writes Lisa Bransten in New York. At 1pm the Dow Jones Industrial Average was off 11.16 at 7,068.23, while the Standard & Poor's 500 had lost 2.37 at 811.28. NYSE volume was 265m shares.

The bond market exerted the benchmark 30-year Treasury fell on continued nervousness that the Federal

Procter & Gamble Shere price & index trebased)



Reserve might raise interest rates at the March 25 Dpen Market Committee meeting. Procter & Gamble continued to lend support to the Dow with a gain of \$1 at

\$125%. Shares in the consumer goods company have performed particularly well in recent weeks, adding more than \$10 since the end of January.

Boeing was another rising share in the Dow as it gained \$2 at \$107% on reports that It was close to an agreement to supply all future aircraft to Delta Air Lines, the third largest US

Falling shares in the Dow included Merck, off \$11/2 at \$93%, Caterpillar, \$11% weaker at \$80%, and Texaco. which lost \$2% at \$102%.

K-III Communications, the US magazine publishing outer contineotal shelf at company, shed \$% or 3 per depths of less than 500ft.

cent to \$12% on news that it planned to issue new shares and sell four of its es to focus on core activities.

Nike continued its recent slide with a loss of \$% at \$66'4. The athletic shoe and clothing company has lost nearly \$10 since February 25. Technology shares were also flat with the Nasdaq

composite, weighted toward the sector, off 1.65 at 1,321.07. The Pacific Stock Exchange technology index added 0.2 per cent. The largest companies on

the Nasdaq turned in a mixed performance. Intel was up \$4 at \$1454, Microsoft gained \$1/4 at \$100% and Oracle added \$1; at \$3614. Meanwhile Cisco Systems slipped \$% at \$524 after an analyst at Hambrecht & Quist downgraded his earnings estimates on the computer networking glant

TORONTO gave up initial morning session of mixed trading. Resource stocks edged higher, but financials

were visibly weak. At noon, the 300 composite index was off 15.67 at 6,317.20. Profit-taking cut a swathe through the banking sector, sending leading stocks spinning in all directions. Royal Bank of Canada lost 55 cents to C\$61.50 and Toronto-

cents to C\$39.80. Barrick Gold added 40 cents to C\$36.60 and Placer Dome put on 30 ceots to C\$28.30. Suncor, the oll group, jumped C\$1.35 to C\$62.60 after Goldman Sachs put the shares oo its recommended list.

Dominion Bank retreated 65

Canadian Occideotal rose 40 cents to C\$23.10 after it said that its wholly-owned subsidiary, CXY Energy of Dallas, Texas, was high bidder on 25 offshore blocks in the recent United States central Gulf of Mexico lease sale held last week. Tweoty-two of the blocks, said the company, were located on the

Mexico City slips

trade ahead of the weekly primary Cetes auction and a vote in the US Congress to certify Mexico as a drug war slly. The IPC index eased 6.56 to 3,838.24.

Traders said that the recent slide by the peso against the dollar had attracted some foreign demand, as had early gains notched up by Mexican ADRs in New York.

One dealer noted that tele-

about \$41. On the domestic market Telmex L shares were up four centavos to flirt with intra-day record highs at 16.14 pesos.

BUENOS AIRES was weaker at midsession, after the 3 per cent rebound of the previous two sessions ou Friday's US jobs report, which indicated a lack of inflationary pressures. The Merval

South Africa strengthens

A sharp recovery for golds plus a continuation of the pre-hudget rally for industrials sent shares in Johannesbnrg strongly higher across the board. At the close, the all-share index was 70.7 abead at 7,162.0.

Dealers sald there bad heen good two-way trade ahasd of today's national budget. Turnover surged to

R804m, helped by heavy US

huying of De Beers which

jumped R3.25 to R160.75.

The industrial index ended 57.7 higher at 8,384.7. Golds responded to a recovery for hullion, now back above \$350. "Golds had their best session for weeks," said one trader. The golds index rose 37.1 or 2.56

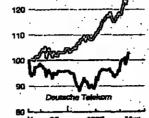
Hoechst disappoints, correction threatens

Wall Street's mood swing from overnight ebullience to mid-morning hesitation took the steam out of most bourses. FRANKFURT stayed in record bigb ground, but came back from a peak of 3,475.18 as the Dax todex closed just 4.18 stron ger at 3,430.95, in turnover of DM17.4bn

Mr Jens Wiecking, at Prof Dr Dolff & Partners in Düsseldorf, sald that the German market could be heading into a correction. It had seen a string of results, and in most cases yesterday the reaction was strongly on the downside.

Hoechst, Bayer and BASF - market stars in 1996 - fell hy 5 per cent (DM3.95 to DM75.20), 2.9 and 1.8 per cent after Hoechst came in with a fourth-quarter loss and a lower-than-expected dividend. Higher earnings at Adidas left the sportswear group DM6.20 or 3.7 per cent lower at DM162.30; and SKW Trostberg, the speciality chemicals company, fell DM1.39 to DM56.81 on a higher dividend.

Sentiment, too, seemed to he damaged by social ten**Deutsche Telekom** Share price (since flotation) & India



sions for the first time this year, said Mr Wiecking. Protests from construction workers and miners were makine an impact.

The day's most notabla winners were special situatlons. Deutsche Telekom, an underperformer since it cama to the market last November, forecast doubled profits and rose 87 pfg to DM34.83. Depfa, the leading mortgage bank, accused UBS of stakehuilding, continued to assert this in the face of denials from the Swiss bank, and rose DM6.50 or 8.1 per

AMSTERDAM saw good damand for internationals deals also generated huying interest. It added up to up 4.47 at a record 774.43.

en was planning drinks group's stock market

FI 13.60 to FI 202 while Wesagainst the trend on Monday, the stocks bounced Fl 2.40 to Fl 91.10 and Fl 8.00

Fl 69.40 after results in line with broker expectations.

positiva session with the AEX index closing

Bolswessanen rose Fl 1.10 or 3 per cent to Fl 37.60 in 3m shares after the company mooted the idea of a sizeable takeover, possibly in the US. News that Its 35 per cent stake in Campari of Italy could he put up for aaie sparked apeculation that a Fl 1bn deal, equal to about a third of the food and

The takeover buzz was also supported hy news of merger talks between two construction companiaa, Volker Stevin and Kondor Wessels. Stevin jumped aels added Fl 1.40 at Fl 88.10. The firmer dollar lifted Philips and Unilever. Down

to F1 363.20 respectively. KPN PTT shed 80 cents to

SEDUL tumbled 1.7 per

cent, under pressure from

rising interest rates, a weak-

ening won and other poor

fundamentals. The compos-Ite index fell 11.40 to 655.95

as the collapse of support at

the 600 point level helped to

lower at 2,686.15.

hy talk that the group was to sell its 17 per cent stake in advance of 8 per cent.

> of yesterday's relaunch of the sale of the government's stake in the group.

activity in Ciba Speciality Chemicals share rights

FTSE Actuaries Share Indices Dawn 10.30 11.00 12.00 13.00 14.00 15.00 Close FTBE Burghrack 100 2238.97 2238.77 2238.19 2238.15 2238.10 2237.74 2235.59 2231.93 FTBE Burghrack 200 2271.13 2254.78 2264.11 2282.24 2281.92 2281.95 2261.95 2257.93

PARIS swung from modest mid-session gains to a minor sethack at the close. Tha CAC 40 index ended 28.06

Media stocks remained in favour while the recent excitement among retailers over imminent corporate activity appeared to shift to Carrefour, the leading supermarkets chain. Canal Plus gained FFr25 to FFr1,125. Pathe, buoved on Monday

BSkyB, rose FFr31 to FFr1,539 for a two-day Thomson-CSF FFr3.20 to FFr194.10 in spite

ZURICH featured volatile

on their last day of trade The rights ended SFT2 higher at SFr103.50, having recovered from an early dump to SFr92.50. This followed overnight news that a bank consortium, led by CSFB and UBS, had said it would bid SFr90 per snb-scription right to launch a global offering of Clba shares. Trading in the shares of Ciba, being spun off from Novartis, begins tomorrow.

Schindler surged SFr122 at SFr1,732 on hetter-thanexpected 1996 results and an upbeat view on the outlook for 1997. Ascom, up SFr33 at

SFr1,705, rose on restructur-ing hopes, including the sale of its Timeplex communications networking The SMI index gave up 7.8

to 4.677:1. MILAN turned back, Jeffrey Brown

dragged down by weakness in bond futures. While the Comit index registered a rise of 3.30 to 763.44, the real-time Mibtel index fell 46 to 12,080. Against the trend, the soon-to-be-merged Marzotto and HPI were both higher. Marzotto climbed L501 to L14,770 and HPI gained L17 to

LL126. MOSCOW picked up 3.8 r cent as the market gave a broad welcome to the appointment of Mr Anatoly Chubais as first deputy prime minister on expectations that he will revive the country's ailing market

The RTS-24 index rose 10.48 to 327.37 in spite of some uncertainty caused by news of the forthcoming cabinet reshuffle.

BUDAPEST continued its correction with a fall of 3.3 per cent following its sharp appreciation early in the year. The Bux index, up 40 per cent between January 1 and February 5, was fixed 169.89 lower at 5,140.26, 11.6 per cent below the year's

Written and edited by William Cochrane, Michael Morgan and

Bangkok ahead on hopes of property revival

News of government help for the property sector pushed BANGKOK higher for the third session running, lifting the SET index by 16.63 or 2.4 per ceot to 719.95. Turnover improved to

Bt5.3hn as sentiment took a clear upswing following Monday's announcement that proceeds of a BT100bn bond funding would be used to support ailing property companies.

"Foreigners gained more confidence. The bond announcement sparked buying power," said one broker, Shaken by worries about the That economy and fears for property sector solvency, the SET index has virtually halved since June.

Banks continued to rally strongly. The sector gained 4.5 per cent and the finance sector 3.6 per cent. Bangkok Bank gained Bt10 to Bt187. National Finance and Securities added Bt2.25 to Bt36.50.

TOKYO regained some ground, interest in bank shares pushing the market MEXICO CITY turned easier been in heavy demand in higher in spite of the upset at midsession in cautious 'New York, hauling up Tel- caused by news of a second big-name company's involvement in pay-offs to corporate racketeers, writes Bethon

Hutton The Nikkei 225 average rose 153.83, closing at the day's high of 18,267.72 after bouncing back from a low of 18,088.94 in the morning. Mr Paul Migliorato, a senior institutional salesman at Jardine Fleming Securities in Tokyo, said that activity was limited ahead of this Friday's special quotation for futures, as well as by the approaching financial year

The day's trading range. he noted, was the second narrowest this month. Volume remained thin but fairly steady at an estimated 337m shares, down from 340m.

again the day's most heavily traded share. It fell a further Y60 to Y1,410, making a cumulative drop of Y170 or 10.8 per cent since news hroke last Thursday that two Nomura executives were

0.8 215 13 179.77 205.81 207.60 0.7 1.95 230.51 212.95 177.68 205.99 206.24 233.38 202.32 204.43



involved in dealings related to sokaiya, the racketeers who demand pay-offs for not disrupting shareholder meetings, However, this followed a low of Y1.360 earlier in the

Ajinomoto, the seasoning and processed food manufacturer, was hit by reports emerging during the day that one of its executives was also being questioned by police about payments to sokaiya, which are illegal under Japan's commercial code. Ajinomoto fell Y70 to Y940.

The banking sector was the day's best performer, gaining 1.6 per cent overall Investors interested in the potential of the "big hang" changes in financial services were said to be switching attention to banks as an alternative to securitles companies, all of which had been suffering fallout from the Nomura scandal.

Bank of Tokyo-Mitsubishi rose Y40 to Y1,940, Dai-Ichi Kangyo Y50 to Y1,370, Industrial Bank of Japan Y10 to Y1.370. Sakura Y29 to Y764 and Fuit Y70 to Y1.440. The Topix index of all

first-section shares firmed 8.9 points to 1,369,05, while the capital-weighted Nikkel 300 index climbed 2.08 points Nomura Securities was to 262.12. Rising shares narrowly outnumbered those falling by 557 to 497, with 171

in Osaka, the DSE index dropped 96.13 points to 19.124.17, in volume of 104,26m shares, while later

in London the ISE/Nikkei 50 index was 16.56 weaker at cent advance in Cycle & Carindex gained 3.96 to 1,419.93.

Brokers said that news that the Federation of Korean Industries might intervene in Shindongbang's hostile takeover bld for Midopa sent related stocks tumbling,

> pany of Midopa, fell Won370 to Won7,730, while Shindongbang shed Won400 to Won37,000 and Midopa lost Won2,800 to its lower limit of Won32,400.

Dainong, the parent com-

HONG KONG erased early gains as investors sold property stocks and turned their attention to second liners. By the close, the Hang Seng & Neave to S\$13.30 and a 60

13,252.20 after a high of 13,342,46. Turnover was a hefty HK\$13.4bn.

Recently-strong property stocks turned back on concerns about the outlook for higher interest rates and doubts about whether recent rises were sustainable. Cheung Kong fell 75 cents to HK\$73.50 and Henderson Land finished 50 cents weaker at HK\$67.50

Among the red chips, First Shanghai soared 13 cents to 99 cents and China Resources Beijing Land rose 5 cents to HK\$5.55.

SINGAPORE finished firmer, raising hopes that the market was back on an upward track, at least in the ear term. The Straits Times industrials index picked up 18.55 at 2,191,03, in volume of 247.1m shares.

A 50 cent rise in Fraser

riage to S\$15 were responsible for most of the market's rebound

KUALA rehounded after Monday's profit-taking and the improved sentiment brought an improvement in trading volumes of more than 500m shares. The composite index closed up 12.85 at 1,250.33. Shares in the DRB-Hicom

group were mixed after falling on Monday's requotation on continuing concerns over group's future following the death of the former chairman. Mr Yahaya Ahmad, on March 8.

Proton rose 30 cents to M\$15.90 and Edaran Otomobli Nasional was up 70 cents to M\$25.50, Hicom. fell 20 cents to M86.60 and Diversified Resources lost 15 cents to M\$8.80.

TAIPEI swung back on to the upside following reports

pump part of the state labour insurance fund into the stock market. Off 8 LUMPUR points on Monday, the or Monday's weighted index surged 72.46 to 8,246.64 - its highest level since May, 1990.

Turnover also shot ahead, rising to T\$160.4bn. The strongest individual sector was paper, up 3.2 per cent. Taiwan Pulp gained T\$2.10 to T\$33.50. China Steel rose T\$0.80 to T\$27.30 and Yuh Chen Construction T\$5.00 to

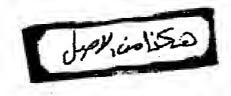
T\$77.50. SYDNEY closed higher in modest volume. The All Ordinaries index added 6.4 to 2,468.3. BHP gained 177 cents to A\$17.32 and Amcor put on 8 cents to A\$8.48. Brambles rose 31 cents to A\$22.80. News Corp added 14 cents to A\$6.84 in heavy volume, boosted by what dealers described as offshore institu-

tional business.

Or just five? Just 5 miles from central Landon you'll find practical living in an environment that owns the contract of to make the optimizer use of spece for a sale high cellings, history kitchess and bathrooms, high levels of the second bomes of this calibre. The final release of 5 bedroom waterside mansions are now a Experience this difference at London's most exclusive riverside data showhome, open daily from 10mm to 6pm, (5pm weekends), 10mm Barnes Waterside You have to see it to believe it

per cent to 1,441.4.

REGIONAL MARKETS	MONDAY MARCH 10 1997									FRIDAY MARCH 7 1997 DOLLAR DIDEX ~						
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change	Pound Sterling intex	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Inder	OM Index	Local Currency S Index	52 week 5		Year ago (spprox)
Australia (76)	. 223.81	0.9	207.15	172.14	198.18	188 92	1,1	4.02	221.84	204 97	171.00	198.25	186.83		188.44	
Austria (24)			172.42	143.28	184.95	164.89		1.77	184,35		142.10		164 88		174.70	
3elgrum (26)		1.6	222.18		212.55	207.98		3.29	236.38		182.21		205.61		203.64	
razi (28)		1.8	226.83			474.87	1.9	1.29	240.48			214 90		245.07	147.48	
Canada (114)		0.9	168,17	156.37	160.02	201 82	1.2	1.93	201.42	186.10	155.26	179.99	199.51		153,81	
Denmark (32)		1.0	343.15	285.16	328.29	327.53	0.2	1 34	366.95	339 04	282 85	327.92	326.93		291,30	
Inland (28)		0.3	246.22	204.61	235.56	283.70		194	265.30			237.08	285.63		174.47	
rance (91)			209.01	173,69	199.95	203.48		2.50	223 73		177.46		203.31		183.67	
Sermany (59)		2.7	188.88	156.96	180 69	190.69		1 44	188.79			177.64	177.64		164.47	
Hong Kang (58)		-0.6	447.42		428.03	480.54	-0.6	3.20	486.46		374 98			514.49	402.53	
ndonesia (27)		-0.1	223.68	185.88	213.99	355.32	0.0	1.50	241.93			216 20		-		
reland (16)		-0.2	308.06		294.71	301 13	-0.4	3.12	333.54		257.10			343.35	255.18	281.59
taly (58)		-0.3	80.B1	67.15	77.30	110.40		1.94	B7 57	80 91	67.50	78.26		96.32	70.61	74.66
lapen (480)		0.1	105.52	87.88	100.95	87.69		0.90	113.93		87.82		87.62		109.18	
Asleysia (107)		-09	588.24	488.83	562.76	606.54	-1.0	1.06	641.05		194,14		612.71		512.47	
Aexico (27)		1.6		1053,50			0.8	0.99					11820.59			
Vetherland (19)		17	329.48			311.51	0.7	2.45	350.18			312 93			274,35	
Vew Zealand (14)		-0.9	81.15		77.64	66.26		4.30	88.43		88 17	79 03	66 62	95.80	75.94	80.52
Vorwaty (41)		2.1	268.23		275.79	288.64	0.5	2.03	305 01	281.81		272.55			235.31	
hRopines (22)		-0.2	186.78	155,21	178.68	264.79	-0.1	0.66	202.14			180.64	265 18	321-23	243.01	230,01
Singepore (43)		-0.2	386.51	321.19	389.76	275.66	-0.3	1.90	418 80			374 07		448.15	371.28	435.56
South Africa (44)		1.1	334.35		319.86	350.01	0.5	2 39	357 33			319 37	348.35		301.49	
Spain (35)		2.8	202.38	168.18	193.61	239 30		2.67	212.71			190 08	234.39		164.81	
Sweden (49)		2.0	415.25		397.25	505.12	0.8	2.06	439 78			393 00		448.64	325.58	
Switzerland (35)		1.6	237 78	197 58	227.46	234.47	0.7	1.28	252.86		194 31		232.78		229.36	
heignd (45)		2.8	72.02	59.85	66.90	79.33	2.5	4.13	75 84	70.07	58 46			187.79	73.88	179,78
United Kingdom (212)		0.2	263.23	218.74	251 82	263 23		3.71	283 78			253.60	262.20		224,39	
USA (654)		1.0	305.87		292.62	330 46		1.82	327.15				327.15		254.78	
Americas (823)	302.64	1.0	280.11	232.77	267.97	254,72	1.0	1.80	299.57	276,78	230 91	267.70	252.13	303.45	233 09	236,18
urope (725)	248.79	1.1	230,27	191 36	220.29	231.67	3.0	2.60	246.07	227.36	189.68	219 90	230.28	248 79	201.56	204.34
Nordic (150)		1.6	357.13	296 78	341.66	374,86	0.5	1,94	378.69	350 81	292 68	339.31	373 06	365 B5	282.52	283.61
acific Beam (873)		0.0	125.25	104 68	119.82	103.22	-Q. f	1.40	135.33	125,04	104.31	120 93	103.38	177.01	131.53	160.96
uro-Pacific (1598)	182.61	06	188.01	140 45	181.69	151 68	0.3	2 10	181.47	167.67	139.89	162.17	151.26	181.51	176,40	178.93
lorth America (768)		1.0	298.75	248,26	285.60	321.99	1.0	1.82	319.55	295,24	248 31	285.56	31874		248.65	
urope Ex. UK (513)		1.8	207.30	172 27	198.32	209.61	0.7	2.01	220 41	203 65	169 90	196 87	208 10	223 87	160.36	
ecific Ex. Japan (393)		-0.2	289.20		276.87	270.04	-0.2	2.74	313.06	289.25	241,31	279.76	270 46	320.65	268.97	
World Ex US 1811)		0.7	172.71	143 53	165.23	158.04	0.3	2.07	185.36		142 88		157.51	193 47	177.71	180.15
World Ex. UK (2253)		0.8	210.63	175.03	201.50	202.04	0.7	1.76	225.53	209 38	173.85	201 54	200.66	228.58	199.58	202,01
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